

FILED

APR 15 2002

CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA
BY _____
DEPUTY CLERKIN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF CALIFORNIAUNITED STATES OF AMERICA &
STATE OF CALIFORNIA,

Plaintiffs,

CIV. NO. S-86-0063 EJG

v.

ORDER AFTER HEARINGAEROJET-GENERAL CORPORATION &
CORDOVA CHEMICAL CORPORATION,

Defendants.

SACRAMENTO COUNTY, SACRAMENTO
COUNTY WATER AGENCY, &
CALIFORNIA-AMERICAN WATER
COMPANY,

Intervenors.

This matter was before the court on April 15, 2002 for hearing on plaintiffs' motion to enter stipulation and order modifying partial consent decree. Catherine Rojko and Reed Sato appeared on behalf of plaintiffs. Thomas Donnelly appeared on behalf of defendants. William Hvidsten and Nancy Casale appeared on behalf of the intervenors. After considering the parties'

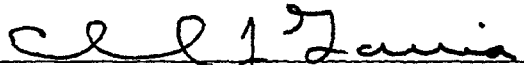
1 written and oral arguments and the record in this matter, and for
2 the reasons stated in the court's oral analysis in open court and
3 on the record, the court enters the following order.

4 1. Plaintiffs' motion to enter stipulation and order
5 modifying consent decree is GRANTED.

6 2. The Stipulation and Order Modifying Partial Consent
7 Decree, lodged September 25, 2001, is now ordered filed.

8 IT IS SO ORDERED.

9 Dated: April 15, 2002

10 
11 EDWARD J. GARCIA, JUDGE
12 UNITED STATES DISTRICT COURT
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United States District Court
for the
Eastern District of California
April 15, 2002

pw

* * CERTIFICATE OF SERVICE * *

2:86-cv-00063

USA

v.

Aerojet General Corp

I, the undersigned, hereby certify that I am an employee in the Office of the Clerk, U.S. District Court, Eastern District of California.

That on April 15, 2002, I SERVED a true and correct copy(ies) of the attached, by placing said copy(ies) in a postage paid envelope addressed to the person(s) hereinafter listed, by depositing said envelope in the U.S. Mail, by placing said copy(ies) into an inter-office delivery receptacle located in the Clerk's office, or, pursuant to prior authorization by counsel, via facsimile.

Robert D Brook
United States Department of Justice
Environmental Enforcement Section
PO Box 7611
Ben Franklin Station
Washington, DC 20044

CL/EJG

Edna Walz
Attorney General's Office
PO Box 944255
1300 I Street
Suite 125
Sacramento, CA 94244-2550

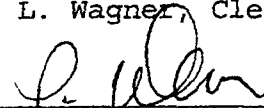
Thomas M Donnelly
Heller Ehrman White and McAuliffe LLP
275 Middlefield Road
Menlo Park, CA 94025-3506

William Eric Hvidsten
Somach Simmons and Dunn
400 Capitol Mall
Suite 1900
Sacramento, CA 95814-4407

Nancy J Casale

Cooper White and Cooper
1333 North California Boulevard
Suite 450
Walnut Creek, CA 94596

Jack L. Wagner, Clerk

BY: 
Deputy Clerk

Robert D Brook
United States Department of Justice
Environmental Enforcement Section
PO Box 7611
Ben Franklin Station
Washington, DC 20044

Re: 2:86-cv-00063

Case No: 2:86-cv-63 Document No: 149, 1 Copy Printed: Apr, 15, 2002 01:56 PM

Robert D Brook
United States Department of Justice
Environmental Enforcement Section
PO Box 7611
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Washington, DC 20044

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pw

United States District Court
for the
Eastern District of California
April 15, 2002

* * CERTIFICATE OF SERVICE * *

2:86-cv-00063

USA

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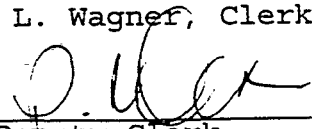
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Cooper White and Cooper
1333 North California Boulevard
Suite 450
Walnut Creek, CA 94596

Jack L. Wagner, Clerk

BY:


Deputy Clerk

FILED

APR 15 2002

CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

BY DEPUTY CLERK

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CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA
BY DEPUTY CLERK

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA)

CIVIL ACTION NO. .

Plaintiff,)

CIVS-86-0063-EJG

vs.)

AEROJET-GENERAL CORPORATION)
and CORDOVA CHEMICAL COMPANY,)

Defendants.)

CIVIL ACTION NO.

PEOPLE OF THE STATE OF)
CALIFORNIA, ET AL.)

CIVS-86-0064-EJG

Plaintiffs,)

Stipulation and Order
Modifying Partial Consent
Decree

vs.)

AEROJET-GENERAL CORPORATION)
and CORDOVA CHEMICAL COMPANY,)

Defendants.)

WHEREAS, this Court entered a Partial Consent Decree
("Decree") on June 23, 1989 by and among Plaintiffs, on the one
hand, and Defendants Aerojet-General Corporation and Cordova

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STIPULATION AND ORDER MODIFYING PARTIAL CONSENT DECREE

ORIGINAL

1 Chemical Company (together, for reference purposes, "Aerojet"), on
2 the other hand;

3 WHEREAS, Paragraph 5 of the Decree establishes certain
4 obligations for the completion of a Remedial
5 Investigation/Feasibility Study ("RI/FS") more fully described in
6 that Paragraph and in Exhibit II; RI/FS Program Plan;

7 WHEREAS, Paragraphs 5(F) and 5(G) allow the parties to the
8 Decree (the "Parties") to propose changes to the RI/FS work to be
9 performed;

10 WHEREAS, Aerojet has substantially completed the Phase I,
11 Stage 1, Remedial Investigation as required under Exhibit II of
12 the Decree;

13 WHEREAS, based upon the Phase I, Stage 1 Remedial
14 Investigation, the Parties have determined that the RI/FS should
15 be completed on an operable unit basis rather than a Site-wide
16 basis to enable acceleration of the study and resulting remedy
17 implementation for areas having higher priority;

18 WHEREAS, the Parties accordingly have agreed to substitute a
19 new Exhibit II Operable Unit Remedial Investigation Feasibility
20 Study Program Plan ("Operable Unit RI/FS Program Plan") for the
21 existing Exhibit II Program Plan;

22 WHEREAS, the Parties have agreed that certain land (defined
23 in the next sentence as the "Carve-Out Lands") shall no longer be
24 part of the Aerojet Site as defined in Paragraph 5(A)(2) of the
25 Decree, and thus no longer shall be subject to the requirements of
26 the Decree except as set forth in this Stipulation and Order
27 Modifying Partial Consent Decree ("Stipulation and Order").
28

1 "Carve-Out Lands" shall mean for all purposes under this
2 Stipulation and Order, the areas in Exhibit G attached hereto,
3 except for contaminated groundwater and associated contaminated
4 media beneath the surface of these areas. A "Site Assessment
5 Report for Candidate Carve-Out Lands" (ERM West, 2001), prepared
6 by Aerojet and reviewed and accepted by Plaintiffs, has concluded
7 that the Carve-Out Lands are not contaminated and pose no threat
8 to public health or the environment, and therefore no further
9 response or remedial action is required or appropriate with
10 respect to the Carve-Out Lands. Moreover, Plaintiffs have
11 determined that the Carve-Out Lands should not be considered part
12 of the Aerojet Site as listed on EPA's National Priorities List
13 ("NPL") as set forth more fully in the letter from EPA to Aerojet
14 (attached hereto as Exhibit H). Notwithstanding the foregoing,
15 contaminated groundwater and associated contaminated media beneath
16 the surface of the Carve-Out Lands shall continue to be a part of
17 the Aerojet Site for all purposes under the Partial Consent
18 Decree, as well as the NPL, and Aerojet shall retain all interests
19 in said groundwater when it conveys title to the Carve-Out Lands
20 in accordance with the terms of the Grant Deed (as hereinafter
21 defined). The Carve-Out Lands shall be subject to use
22 restrictions as set forth in the attached Declaration of Covenants
23 and Environmental Restrictions and the Declaration of Covenants
24 and Environmental Restrictions Related to Groundwater (see
25 Exhibits I and J);

26 WHEREAS, Exhibit L contains a map prepared by Plaintiffs
27 showing the approximate location of groundwater plumes at and
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1 emanating from the Aerojet Site. Exhibit L is for informational
2 purposes. Aerojet does not agree that Exhibit L is an accurate
3 depiction of the alleged groundwater plumes or that it is liable
4 for all, or any portion, of such alleged groundwater plumes.
5 Aerojet makes no admission of fact or law, or of liability, and
6 reserves all of its claims, objections and defenses, with respect
7 to Exhibit L.
8

9 NOW, THEREFORE, in light of the foregoing recitals,
10 IT IS HEREBY STIPULATED by the Parties through their
11 respective attorneys of record that:

- 12 1. The following changes be made to the Decree:
- 13 a) Substitute "Aerojet" for "United States" on page 4,
14 line 18,
 - 15 b) Substitute new pages 9 through 17A, which pages are
16 attached hereto as Exhibit A, for existing pages 9 through 17,
 - 17 c) Substitute new pages 24 and 25, which pages are
18 attached hereto as Exhibit B, for existing pages 24 and 25,
 - 19 d) Substitute new pages 27 and 27A, which pages are
20 attached hereto as Exhibit C, for existing page 27,
 - 21 e) Substitute new pages 54 and 54-A, which pages are
22 attached hereto as Exhibit D, for existing page 54,
 - 23 f) Substitute new page 136, which page is attached
24 hereto as Exhibit E, for existing page 136,
 - 25 g) Substitute Exhibit II, Operable Unit Remedial
26 Investigation/Feasibility Study Program Plan, which is attached
27 hereto as Exhibit F, for existing Exhibit II, RI/FS Program Plan,
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1 h) Substitute Exhibit I-6, which is attached hereto as
2 Exhibit M, for existing Exhibit I-6.

3 2. The Court shall modify the Decree as specified in this
4 Stipulation and Order.

5 3. Following Court entry of this Stipulation and Order,
6 Aerojet shall only transfer the Carve-Out Lands subject to the
7 Declaration of Covenants and Environmental Restrictions and
8 Declaration of Covenants and Environmental Restrictions Related to
9 Groundwater attached hereto as Exhibits I and J respectively (the
10 "Covenants and Environmental Restrictions"). The deeds conveying
11 title to the Carve-Out Lands (or any portion thereof) shall be in
12 the form of the Grant Deed attached hereto as Exhibit K (the
13 "Grant Deed").

14 4. No later than thirty (30) days of Court entry of this
15 Stipulation and Order, Aerojet shall provide Plaintiffs with a
16 current title commitment confirming that Aerojet owns all of the
17 Carve-Out Lands. Title to the Carve-Out Lands must be reviewed
18 and approved in accordance with 40 U.S.C. § 255. If there is any
19 deficiency in said title that would interfere with the rights and
20 restrictions identified in the Covenants and Environmental
21 Restrictions attached hereto as Exhibits I and J, Aerojet shall
22 use best efforts to obtain a subordination, quitclaim deed, or
23 other documentation necessary to correct that deficiency.

24 5. Within thirty (30) days after approval of title as set
25 forth in Paragraph 4 above, Aerojet shall provide to Plaintiffs an
26 updated title commitment showing all changes in title, if any,
27 that have occurred and shall record in the Official Records of
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1 Sacramento County, California, the Covenants and Environmental
2 Restrictions attached hereto as Exhibits I and J. As soon as
3 reasonably practicable after recording, Aerojet shall provide to
4 Plaintiffs a copy of the recorded Covenants and Environmental
5 Restrictions and a title insurance policy that complies with the
6 requirements set forth in the United States Department of Justice
7 Title Standards (2001) and the United States Attorney General's
8 Title Regulations Promulgated Pursuant to Public Law 91-393 (40
9 U.S.C. § 255).

10 6. Within thirty (30) days of Court entry of this
11 Stipulation and Order, Aerojet shall prepare and present to the
12 Court for its signature, and also within said thirty (30) days
13 record in the Official Records of Sacramento County, California,
14 an amendment to the Order Re: Partial Consent Decree that the
15 Court signed on July 7, 1989 setting forth a copy of Paragraph 11
16 from the Decree (which Order was recorded in said Official
17 Records), which amendment shall modify the descriptions of real
18 property set forth in said recorded Order to exclude the Carve-Out
19 Lands.

20 7. Commencing on the date of lodging with the Court of this
21 Stipulation and Order, and until the recordation of the Covenants
22 and Environmental Restrictions required by this Stipulation and
23 Order, Aerojet shall continue to provide Plaintiffs, and their
24 representatives, agents, contractors, subcontractors, and
25 employees, with access to the Carve-Out Lands as required by the
26 Decree.
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1 8. Within thirty (30) days of conveyance of the Carve-Out
2 Lands (or any portion thereof), Aerojet shall submit to Plaintiffs
3 a copy of the applicable recorded Grant Deed.

4 9. Effective upon Court entry of this Stipulation and
5 Order, Aerojet shall reimburse Plaintiffs for all their reasonable
6 and necessary costs incurred in: (1) reviewing and evaluating the
7 Site Assessment and related supporting documentation for the
8 Carve-Out Lands; (2) conducting field reviews of the Carve-Out
9 Lands; (3) reviewing and evaluating the Covenants and
10 Environmental Restrictions and the Grant Deed prepared by Aerojet;
11 (4) reviewing all encumbrances relating to the Aerojet Site and
12 proposed modifications thereto; (5) modifying the Decree as
13 required for Carve-Out; and (6) undertaking any activities
14 required of the Plaintiffs under the Covenants and Environmental
15 Restrictions. Reimbursement for agency oversight activities
16 following the termination of the Decree will be covered by a
17 subsequent agreement containing substantially the same terms.
18 Aerojet also agrees that Plaintiffs' costs under this paragraph
19 are not subject to the cap provision of Paragraph 13(E) (2) of the
20 Decree. Plaintiffs are consenting to conveyance of the Carve-Out
21 Lands in consideration of the agreements contained in the attached
22 Grant Deed and Covenants and Environmental Restrictions.

23 10. If Aerojet violates any of the provisions of this
24 Stipulation and Order or the Covenants and Environmental
25 Restrictions, Plaintiffs shall recover, in addition to any other
26 relief ordered by the Court, all fees (including attorney fees)
27 and costs they incur in ensuring compliance with or otherwise
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1 enforcing this Stipulation and Order or the Covenants and
2 Environmental Restrictions.

3 11. In no event shall the conveyance of the Carve-Out Lands
4 release or otherwise affect the obligation of Aerojet to comply
5 with the provisions of the Decree as modified by this Stipulation
6 and Order.

7 12. Neither the United States nor the State of California,
8 nor any agency of either government, assumes any liability by
9 entering into this Stipulation and Order or by virtue of
10 consenting to the release of the Carve-Out Lands from the
11 requirements of the Decree.

12 13. Effective upon Court entry of this Stipulation and
13 Order, Aerojet shall indemnify, defend and hold harmless the State
14 of California, and its agencies, boards, departments, officials,
15 agents, employees, contractors, subcontractors and representatives
16 (the "Indemnified Parties"), from and against any and all actions,
17 causes of action, claims, liabilities, damages, judgments,
18 settlement amounts, costs, expenses, and fees (including
19 litigation costs, attorney's fees, and expert witness and
20 consulting fees), arising from, or on account of the following
21 Indemnified Matters: 1) all causes of action brought by any third
22 party challenging whether the Indemnified Parties have or properly
23 exercised the requisite authority to enter into this Stipulation
24 and Order or to consent to the release of the Carve-Out Lands from
25 the requirements of the Decree; 2) any act or omission of Aerojet,
26 its officers, directors, employees, agents, contractors,
27 subcontractors, or any persons acting on its behalf or under its
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1 control, to comply with the provisions of this Stipulation and
2 Order, the Declaration of Covenants and Environmental Restrictions
3 (Exhibit I), or the Declaration of Covenants and Environmental
4 Restrictions Related to Groundwater (Exhibit J), with respect to
5 the Carve-Out Lands; or 3) the Indemnified Parties' exercise or
6 enforcement of any environmental restrictions or right of access
7 which the Indemnified Parties have pursuant to the Declaration of
8 Covenants and Environmental Restrictions (Exhibit I) or the
9 Declaration of Covenants and Environmental Restrictions Related to
10 Groundwater (Exhibit J).

11 (a) The Indemnified Parties promptly shall give Aerojet
12 written notice of any claim regarding an Indemnified Matter and
13 deliver to Aerojet a copy of each document or other writing which
14 the Indemnified Parties receive from the claimant or claimants in
15 connection therewith. Aerojet shall notify the Indemnified Parties
16 of any insurers (if applicable) who may be responsible for the
17 defense or indemnification of the Indemnified Parties in
18 connection with such Indemnified Matter. The Indemnified Parties
19 shall consult and cooperate with Aerojet and any applicable
20 insurers in the defense, settlement or other resolution of any
21 such Indemnified Matter; provided, however, that the Indemnified
22 Parties each shall control the conduct of its own defense. To the
23 extent that the Indemnified Parties determine to use counsel other
24 than the California Department of Justice to defend any
25 Indemnified Matter, Aerojet shall be entitled to approve the
26 selection of such counsel. Aerojet shall cooperate with the
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1 Indemnified Parties in connection with the defense of each such
2 Indemnified Matter.

3 (b) Should the Indemnified Parties propose to settle or
4 otherwise resolve an Indemnified Matter, then the Indemnified
5 Parties shall notify and seek the consent of Aerojet, at least
6 thirty (30) days prior to entering into a settlement or other
7 resolution of such Indemnified Matter, which consent shall not be
8 unreasonably withheld. In the event Aerojet withholds its consent
9 and the Indemnified Parties, or any of them, still intend to
10 settle or otherwise resolve any such Indemnified Matter, then the
11 Indemnified Party shall notify Aerojet of its intent and the
12 reasons therefor at least fifteen (15) days prior to entering into
13 such settlement or other resolution. Aerojet may thereafter
14 initiate dispute resolution pursuant to Paragraph 20 of the
15 Decree, in which case the Indemnified Party shall not enter into
16 or effectuate the settlement or other resolution until the Court
17 resolves the dispute. The Court shall determine if the proposed
18 settlement or other resolution is reasonable, not collusive, and
19 entered into in good faith. Aerojet shall not be required to pay
20 the portion of any litigation expenses, costs, or settlement
21 payments which the Court determines to be unreasonable, collusive,
22 or entered into in bad faith. The decision of the Court shall be
23 binding on each of the Parties without right of appeal and shall
24 be the exclusive mechanism for Aerojet to challenge any such
25 settlement or other resolution of an Indemnified Matter.

26 (c) Notwithstanding subparagraph (b) above, Aerojet may
27 settle or otherwise resolve each Indemnified Matter at any time on
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1 any basis acceptable to Aerojet, so long as such settlement or
2 other resolution imposes no liability on any of the Indemnified
3 Parties, does not commit any of the Indemnified Parties to any
4 legal position, and, except for ministerial actions necessary to
5 effectuate any such settlement or other resolution, imposes no
6 other obligations on any of the Indemnified Parties. Aerojet
7 shall give the Indemnified Parties notice of such a proposed
8 settlement or other resolution at least thirty (30) days prior to
9 entering into such a settlement or other resolution of an
10 Indemnified Matter. If the Indemnified Parties contend that such
11 settlement or other resolution is contrary to the terms of this
12 subparagraph (c), the Indemnified Parties may initiate dispute
13 resolution pursuant to Paragraph 20 of the Decree, in which case
14 Aerojet shall not enter into or effectuate the settlement or other
15 resolution until the Court resolves the dispute. If the Court
16 finds that the disputed settlement is contrary to the terms of
17 this subparagraph (c), Aerojet shall not settle or otherwise
18 resolve the Indemnified Matter pursuant to the terms of the
19 disputed settlement or other resolution.

20 14. Effective upon Court entry of this Stipulation and
21 Order, the Carve-Out Lands (as defined in the recitals above)
22 shall no longer be part of the Aerojet Site as defined in
23 Paragraph 5(A)(2) of the Decree, and thus no longer shall be
24 subject to the requirements of the Decree except as set forth in
25 this Stipulation and Order.. Moreover, the Carve-Out Lands shall
26 no longer be considered part of the Aerojet Site as listed on
27 EPA's National Priorities List.
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1 15. Following Court entry of this Stipulation and Order,
2 Aerojet shall conduct the balance of the remedial investigation
3 and feasibility study at the Site in accordance with the revised
4 Exhibit II to the Decree, which is attached hereto as Exhibit F.

5 16. Effective upon Court entry of this Stipulation and
6 Order, in addition to the financial assurances set forth in
7 Paragraph 9 of the Decree, Aerojet shall provide the following
8 financial assurances:

9 (a) Aerojet shall provide to the Plaintiffs for their
10 review and approval, by July 1 of each year that the Decree
11 remains in effect, a Report that identifies for the upcoming
12 fiscal year (December 1 to November 30) all response, removal or
13 remedial actions required under the Decree or any other valid
14 order or decree issued by Plaintiffs or the Court related to the
15 Aerojet Site which Aerojet proposes to undertake during that
16 upcoming fiscal year (hereinafter "Aerojet/Sacramento
17 Environmental Projects"), and the estimated costs associated with
18 such Aerojet/Sacramento Environmental Projects. Such Report also
19 shall identify for the upcoming fiscal year (December 1 to
20 November 30), all contracts, joint ventures, and binding
21 agreements providing for reimbursement of environmental
22 remediation costs pursuant to the Global Advance Agreement for
23 Environmental Remediation Costs by and between the United States
24 and Aerojet and the 29 November 1992 Settlement Agreement between
25 the United States and Aerojet-General Corporation and Modification
26 1 thereto (together the "DOD Agreement"). Each Report also shall
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1 contain the following information for such upcoming fiscal year
2 (December 1 to November 30):

3 (1) Estimated dollar value of each such contract,
4 joint venture, and binding agreement;

5 (2) Duration of each such contract, joint venture,
6 and binding agreement;

7 (3) Dollar amount of such contracts, joint
8 ventures, and binding agreements providing for environmental
9 remediation costs at the Aerojet Site;

10 (4) Any pending or completed revisions,
11 modifications, or amendments to the DOD Agreement;

12 (5) Estimated total dollar value of such
13 contracts, joint ventures, and binding agreements needed to
14 support Aerojet/Sacramento Environmental Projects (as defined
15 above), and any response, removal or remedial actions required by
16 any valid order or decree issued by a government agency or court
17 related to any other site owned or operated by Aerojet which
18 Aerojet agrees to undertake during that upcoming fiscal year
19 (hereinafter "Aerojet/Other Site Environmental Projects");

20 (6) Estimate of the cash amount Aerojet commits to
21 setting aside in the upcoming fiscal year for the
22 Aerojet/Sacramento Environmental Projects and the Aerojet/Other
23 Site Environmental Projects (as defined above);

24 (7) An itemized three-year projection, including
25 the upcoming fiscal year, of the costs of response, removal or
26 remedial actions required under the Decree or any other valid
27 order or decree issued by Plaintiffs or the Court related to the
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1 Aerojet Site which Aerojet proposes to undertake during that
2 three-year period, and the sources of funding for such costs.
3 Such cost projections shall incorporate the latest operable unit
4 or engineering evaluation and cost analysis cost projections data
5 approved by the Plaintiffs; and

6 (8) Aerojet's most recent audited financial
7 statements, including auditor's opinion, balance sheet, income
8 statement, statement of cash flows, and supporting notes and
9 schedules.

10 (b) Plaintiffs and Aerojet shall meet no later than
11 thirty (30) days after Plaintiffs receive the Report (that is, by
12 July 31) to resolve any disputes concerning the Report, including
13 (without limitation) any disputes concerning the
14 Aerojet/Sacramento Environmental Projects (as defined above)
15 Aerojet proposes to undertake in the upcoming fiscal year, and the
16 estimated costs associated with such Projects. If the parties are
17 unable to resolve all disputes concerning the Report within forty-
18 five (45) days after Plaintiffs receive the Report (that is, by
19 August 15), then the position advanced by Plaintiffs regarding the
20 list and cost estimates of Aerojet/Sacramento Projects to be
21 included in the Report shall be considered binding unless, within
22 fifteen (15) days after the conclusion of the informal negotiation
23 period, Aerojet invokes the formal dispute resolution procedures
24 of this subparagraph (b) by serving on Plaintiffs a written
25 Statement of Position on the matter in dispute, including, but not
26 limited to, any factual data, analysis or opinion supporting
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1 Aerojet's position and any supporting documentation relied upon by
2 Aerojet.

3 (1) Within fifteen (15) days after receipt of
4 Aerojet's Statement of Position, Plaintiffs will serve on Aerojet
5 their Statement of Position, including, but not limited to, any
6 factual data, analysis, or opinion supporting Plaintiffs' position
7 and all supporting documentation relied upon by Plaintiffs.
8 Within seven (7) days after receipt of Plaintiffs' Statement of
9 Position, Aerojet may submit a Reply.

10 (2) Formal dispute resolution for disputes arising
11 under this subparagraph (b) shall be accorded review on the
12 administrative record under applicable principles of
13 administrative law as set forth herein and shall be conducted
14 pursuant to the procedures set forth in this subparagraph (b).

15 (3) An administrative record of the dispute shall
16 be maintained by EPA and shall contain all Statements of Position,
17 including supporting documentation, submitted pursuant to this
18 subparagraph (b). Where appropriate, EPA may allow submission of
19 supplemental statements of position by the parties to the dispute.

20 (4) The Director of the Superfund Division, EPA
21 Region 9, will issue a final administrative decision resolving the
22 dispute based on the administrative record described in
23 subparagraph (b)(3). This decision shall be binding upon Aerojet
24 and Plaintiffs, subject only to Aerojet's right to seek judicial
25 review pursuant to subparagraph (b) (5) below.

26 (5) Any administrative decision made by EPA
27 pursuant to subparagraph (b)(4) above shall be reviewable by the
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1 Court, provided that a motion for judicial review of the decision
2 is filed by Aerojet with the Court and served on all Parties
3 within fifteen (15) days of receipt of EPA's decision. The motion
4 shall include a description of the matter in dispute, the efforts
5 made by the parties to resolve it, other pertinent facts and legal
6 argument, the relief requested, and the schedule, if any, within
7 which the dispute must be resolved to ensure orderly
8 implementation of the Decree. Plaintiffs may file a response to
9 Aerojet's motion, and Aerojet may file a reply, within the time
10 periods set in the applicable Federal Rules of Civil Procedure and
11 the Court's Local Rules.

12 (6) In proceedings on any dispute governed by this
13 subparagraph (b), Aerojet shall have the burden of demonstrating
14 that the decision of the Director of the Superfund Division, EPA
15 Region 9, is arbitrary and capricious or otherwise not in
16 accordance with law. Judicial review of EPA's decision shall be
17 on the administrative record compiled pursuant to subparagraph
18 (b) (3) above.

19 (c) GenCorp shall guarantee to the Plaintiffs that if
20 Aerojet is unable to fund the Aerojet/Sacramento Environmental
21 Projects set forth in the Report, as adjusted, if at all, by the
22 Court following Dispute Resolution pursuant to subparagraph (b)
23 above, for any given fiscal year, then GenCorp shall make
24 available all funds necessary to meet such obligations, subject to
25 the following conditions and limitations:

26 (1) GenCorp shall not be obligated to contribute
27 in any fiscal year more than Ten Million Dollars (\$10 million) in
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1 funds net of any amounts that are reimbursed to Aerojet under the
2 DOD Agreement for that fiscal year;

3 (2) GenCorp shall not be obligated to contribute
4 more than a maximum aggregate amount of Seventy-Five Million
5 Dollars (\$75 million) in funds net of any amounts that are
6 reimbursed to Aerojet under the DOD Agreement, which shall be in
7 addition to the existing Twenty Million Dollar (\$20 million)
8 guarantee required by Paragraph 9 of the Decree;

9 (3) Notwithstanding subparagraph (c) (2) above, the
10 \$75 million GenCorp guarantee may be offset, during the first
11 three years this Stipulation and Order is in effect, by the
12 amounts of letters of credit or other financial assurance
13 mechanisms that may be provided by Aerojet to fund its obligations
14 under EPA's Administrative Order for Remedial Design and Remedial
15 Action concerning the Baldwin Park Operable Unit of the San
16 Gabriel Valley Superfund Sites (EPA Docket No. 2000-13), and any
17 amendments, supplements or modifications thereto; provided,
18 however, the amount of the offset in each fiscal year shall not
19 reduce GenCorp's annual \$10 million guarantee under subparagraph
20 (c) (1) above;

21 (4) Both the \$10 million annual maximum and the
22 \$75 million aggregate maximum shall be adjusted annually for
23 inflation in accordance with the DRI McGraw CPI Index (All Urban,
24 All Items), on or about the beginning of each fiscal year;

25 (5) GenCorp's responsibility to satisfy the
26 guarantee set forth in this subparagraph (c) shall take effect in
27 the event of a claim by Aerojet that it cannot fund the
28

1 Aerojet/Sacramento Environmental Projects set forth in the Report,
2 as adjusted, if at all, by the Court following Dispute Resolution
3 pursuant to subparagraph (b) above. The extent of GenCorp's
4 guarantee in a particular fiscal year shall be the difference
5 between the costs associated with the Aerojet/Sacramento
6 Environmental Projects for that fiscal year set forth in the
7 Report, as adjusted, if at all, by the Court following Dispute
8 Resolution pursuant to subparagraph (b) above, and the total
9 associated costs Aerojet has been able to fund, to date, for that
10 fiscal year, subject to the limitations on amounts set forth above
11 in subparagraphs (c) (1) to (4) above; and

12 (6) Neither GenCorp's agreement to provide this
13 guarantee nor any action taken thereunder shall constitute for
14 GenCorp an admission of liability, an admission of law or fact, or
15 evidence of any violation of law or regulation.

16 (d) The financial assurance requirements of this
17 Paragraph 16 shall not terminate under Paragraph 26 of the Decree,
18 but shall remain in effect upon completion of all Aerojet Site
19 remedial investigation and feasibility study work. The financial
20 assurance requirements of this Paragraph 16 may be superseded by
21 financial assurance provisions contained in valid decrees or
22 orders related to operable units at the Aerojet Site. The
23 aggregate value of the financial assurance provisions contained in
24 such decrees or orders must at least equal the sum of the value of
25 the financial assurances required under Paragraph 9 of the Decree
26 and this Paragraph 16. Notwithstanding the foregoing, in the
27 event that Plaintiffs, or any of them, issue a valid order or
28

1 enter into a consent order or decree with Aerojet for remedial
2 action at the Aerojet Site, Plaintiffs may seek additional
3 financial assurance pursuant to such orders or decrees as deemed
4 necessary and appropriate.

5 (e) As used in this Paragraph 16, the term "order"
6 shall mean any administrative order issued by any state or federal
7 agency with authority, or any judicial order issued by any state
8 or federal court with jurisdiction, related to the Aerojet Site.
9 The term "decree" shall mean any federal consent decree or its
10 state court equivalent related to the Aerojet Site. Aerojet
11 reserves any rights it has to challenge the validity of any such
12 orders or decrees.

13 17. Aerojet shall take the following actions with regard to
14 the Western Groundwater Operable Unit Alternate Water Supply
15 Contingency Plan ("Contingency Plan") dated April 4, 2001 and any
16 amendments thereto approved by the Plaintiffs. The Contingency
17 Plan will provide replacement water to address potential loss of
18 water supply wells until implementation of the Western Groundwater
19 Operable Unit Remedy.

20 (a) Aerojet shall implement the Contingency Plan,
21 including document submission, according to the schedule contained
22 within that plan, and any subsequent revisions to the Contingency
23 Plan which are approved by Plaintiffs pursuant to this Paragraph
24 17.

25 (b) Aerojet shall provide potable water to replace
26 water from Arden-Cordova Water Service Well Nos. 1, 3, 4, 5, 6, 7,
27 8, 10, 12, 14, 17, 18, 20, 21, 22, and 23, and any well in the
28

1 adjacent Citizen Utilities and Sacramento County services areas,
2 if: (i) based on samples taken, analyzed, and verified in
3 accordance with the sampling protocol of Exhibit IV-2 of the
4 Decree, the well contains concentrations of contaminants exceeding
5 the water supply replacement levels in the Record of Decision for
6 the Western Groundwater Operable Unit Remedy (ROD) adopted by EPA
7 July 20, 2001; (ii) such contamination is caused, or contributed
8 to, by Aerojet; and (iii) the well is taken out of service for
9 drinking water supply upon provision of alternate water. In the
10 event that Plaintiffs require the affected wells to be modified to
11 prevent vertical migration of contaminants, Aerojet shall perform
12 the modifications with the permission of the well owner and/or
13 bear the reasonable expense of the modification. The water supply
14 replacement levels are as follows:

Chemical	Trigger Level in ppb
Perchlorate	4.0
NDMA	0.0013*
Trichloroethylene	3.33
Tetrachloroethene	3.33
1,1-Dichloroethane	3.33
1,2,-Dichloroethane	0.33
1,1,2-Trichloroethane	3.33
1,1-Dichloroethene	4.0
1,2-Dichloroethene	4.0
1,1,2-Trichloro- 1,2,2-trifluoroethane	800
Chloroform	66.7

Vinyl Chloride	0.33
Carbon Tetrachloride	0.33
Nitrate	6,667
Nitrite	667

* The current Practical Quantitation Level (PQL) level is 5 ppt. Best available monitoring method technology shall be used until a PQL of 1.3 ppt is achieved.

(c) Aerojet shall submit an evaluation of the Contingency Plan no later than sixty (60) days after receiving written notice from Plaintiffs that any portion of the supply addressed by the Contingency Plan has been designated for use by Plaintiffs as interim replacement water pursuant to subparagraph 17(b), above. The evaluation, which may include the results of any modeling, shall include an analysis of (i) whether any public water supply well, within two years following the submittal date of the evaluation, will reasonably be expected to contain chemical contaminants at levels which exceed the concentrations set forth in subparagraph 17(b) and (ii) whether any remaining portion of the supply addressed by the Contingency Plan would be sufficient to replace the loss of any such well.

(d) Aerojet shall submit annual evaluations of the Contingency Plan to each of the Plaintiffs no later than January 31 of each year commencing in 2002. In addition, Aerojet shall evaluate and revise the Contingency Plan when requested by Plaintiffs. These evaluations shall provide the same information required for the evaluation set forth in subparagraph 17(c), above.

1 (e) If either of the analyses required by subparagraphs
2 17(c) or (d) indicate that any public water supply well, not
3 currently addressed by the Contingency Plan or otherwise
4 anticipated to be taken out of service due to contamination, may
5 contain chemical contaminants at levels which exceed the
6 concentrations set forth in subparagraph 17(b), Aerojet will
7 submit a revised contingency plan within sixty (60) days which
8 recommends actions and provides a time schedule to complete those
9 actions to address potential replacement of that well. Upon
10 approval or modification of the revised contingency plan by
11 Plaintiffs, Aerojet shall implement the plan.

12 (f) Any replacement of public water supplies impacted
13 by groundwater plumes emanating from the western portion of the
14 Site shall be addressed in the ROD. Nothing in this Paragraph 17
15 is, nor shall be construed as, a waiver or limitation on any of
16 Plaintiffs' or Aerojet's rights or defenses with regard to any
17 matter addressed in the ROD. Aerojet's obligations pursuant to
18 this Paragraph 17 shall terminate when the water supply
19 contingency plan requirements contained in the ROD are made
20 enforceable by any of the following enforcement mechanisms:

21 (1) A consent decree; or

22 (2) An EPA, Regional Board, or DTSC administrative
23 order that is either not contested by Aerojet within the time
24 required by law or, if contested, is determined to be a valid
25 order by the court.
26
27
28

1 (g) In the event of a conflict between this Paragraph
2 17 and the Contingency Plan, the requirements of this Paragraph
3 shall prevail.

4 18. This Stipulation and Order shall be referred to as the
5 "2001 Stipulation and Order Modifying Partial Consent Decree."

6 19. This Stipulation and Order may be executed by the
7 Parties in counterparts as though it were a fully integrated
8 document. Each person executing this Stipulation and Order on
9 behalf of a party certifies that he or she is fully authorized to
10 enter into and execute this Stipulation and Order on behalf of
11 that party, and to legally bind that party.

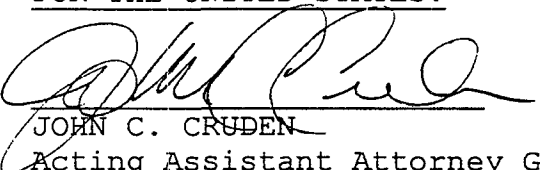
12 20. GenCorp agrees to be bound by Paragraph 16 of this
13 Stipulation and Order, and consents to the jurisdiction of the
14 Court for the sole purpose of any action that may be commenced by
15 the Plaintiffs to enforce said Paragraph 16.

16 21. This Stipulation and Order shall be lodged with the
17 Court for a period of not less than thirty (30) days to allow for
18 public comment pursuant to 28 C.F.R. §50.7 and it shall not be
19 submitted to the Court for execution and entry until the
20 expiration of that period. The United States and the State of
21 California reserve the right to withdraw or withhold their consent
22 to entry of this Stipulation and Order if the comments regarding
23 the Stipulation disclose facts or considerations that indicate
24 that the Stipulation is not in the public interest or otherwise is
25 inappropriate, improper, or inadequate. Aerojet consents to entry
26 of this Stipulation and Order without further notice. The
27
28

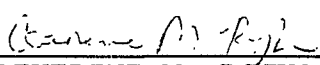
1 effective date of this Stipulation and Order shall be the date it
2 is signed by the Court.

3 IT IS SO STIPULATED.

4 FOR THE UNITED STATES:

5 
6 JOHN C. CRUDEN
7 Acting Assistant Attorney General
8 Environment and Natural Resources Division
9 U.S. Department of Justice

8.31.01
Date

10 
11 CATHERINE M. ROUKO
12 Senior Counsel
13 Environmental Enforcement Section
14 Environment and Natural Resources Division
15 U.S. Department of Justice

8/27/01
Date

16 JOHN K. VINCENT
17 United States Attorney
18 for the Eastern District of California
19 YOSHINORI HIMEL
20 Assistant United States Attorney

Date

21 FOR THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY:

22 KEITH TAKATA
23 Director of the Superfund Division
24 U.S. Environmental Protection Agency, Region IX

Date

25 FOR THE CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL (as
26 successor in interest to the STATE DEPARTMENT OF HEALTH SERVICES):

27 EDWIN F. LOWRY
28 Director

Date

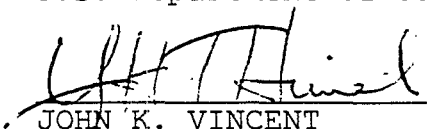
1 effective date of this Stipulation and Order shall be the date it
2 is signed by the Court.

3 IT IS SO STIPULATED.

4 FOR THE UNITED STATES:

5
6 _____
7 JOHN C. CRUDEN Date
8 Acting Assistant Attorney General
9 Environment and Natural Resources Division
10 U.S. Department of Justice

11 _____
12 CATHERINE M. ROJKO Date
13 Senior Counsel
14 Environmental Enforcement Section
15 Environment and Natural Resources Division
16 U.S. Department of Justice

17  _____
18 JOHN K. VINCENT Date
19 United States Attorney
20 for the Eastern District of California
21 YOSHINORI HIMEL
22 Assistant United States Attorney

23 FOR THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY:

24 _____
25 KEITH TAKATA Date
26 Director of the Superfund Division
27 U.S. Environmental Protection Agency, Region IX

28 FOR THE CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL (as
successor in interest to the STATE DEPARTMENT OF HEALTH SERVICES):

_____ Date
EDWIN F. LOWRY
Director

1 effective date of this Stipulation and Order shall be the date it
2 is signed by the Court.

3 IT IS SO STIPULATED.

4 FOR THE UNITED STATES:

5
6 _____ Date
7 JOHN C. CRUDEN
8 Acting Assistant Attorney General
9 Environment and Natural Resources Division
10 U.S. Department of Justice

11 _____ Date
12 CATHERINE M. ROJKO
13 Senior Counsel
14 Environmental Enforcement Section
15 Environment and Natural Resources Division
16 U.S. Department of Justice

17 _____ Date
18 JOHN K. VINCENT
19 United States Attorney
20 for the Eastern District of California
21 YOSHINORI HIMEL
22 Assistant United States Attorney

23 FOR THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY:

24 Keith Takata _____ 9-14-01
25 KEITH TAKATA Date
26 Director of the Superfund Division
27 U.S. Environmental Protection Agency, Region IX

28 FOR THE CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL (as
successor in interest to the STATE DEPARTMENT OF HEALTH SERVICES):

_____ Date
EDWIN F. LOWRY
Director

effective date of this Stipulation and Order shall be the date it is signed by the Court.

IT IS SO STIPULATED.

FOR THE UNITED STATES:

JOHN C. CRUDEN	Date
Acting Assistant Attorney General	
Environment and Natural Resources Division	
U.S. Department of Justice	

CATHERINE M. ROJKO
Senior Counsel
Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice

Date

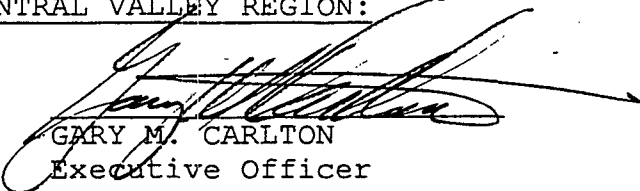
JOHN K. VINCENT
United States Attorney
for the Eastern District of California
YOSHINORI HIMEL
Assistant United States Attorney

FOR THE CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL (as successor in interest to the STATE DEPARTMENT OF HEALTH SERVICES):

EDWIN F. LOWRY
Director

Date _____

1
2 FOR THE CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD,
3 CENTRAL VALLEY REGION:

4 
5 GARY M. CARLTON
6 Executive Officer

7 28 August 2001
8 Date

9
10 FOR AEROJET-GENERAL CORPORATION:

11
12 BRIAN E. SWEENEY
13 Assistant Secretary

14 Date

15
16 FOR CORDOVA CHEMICAL COMPANY:

17
18 BRIAN E. SWEENEY
19 Secretary

20 Date

21
22 FOR GENCORP INC. (as to Paragraph 16 of this Stipulation and
23 Order only):

24
25 CHRIS W. CONLEY
26 Vice President, Environmental, Health & Safety

27 Date

1
2 FOR THE CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD,
3 CENTRAL VALLEY REGION:

4
5 GARY M. CARLTON
6 Executive Officer

Date

7 FOR AEROJET-GENERAL CORPORATION:

8
9 Brian E. Sweeney
10 BRIAN E. SWEENEY
11 Assistant Secretary

8/14/01
Date

12 FOR CORDOVA CHEMICAL COMPANY:

13
14 Brian E. Sweeney
15 BRIAN E. SWEENEY
16 Secretary

8/14/01
Date

16 FOR GENCORP INC. (as to Paragraph 16 of this Stipulation and
17 Order only):

18
19 Chris W. Conley
20 CHRIS W. CONLEY
21 Vice President, Environmental, Health & Safety

8/13/2001
Date

1 APPROVED AS TO FORM:

2
3 BILL LOCKYER

Attorney General

4 RICHARD M. FRANK

Chief Assistant Attorney General

5 THEODORA P. BERGER

6 Senior Assistant Attorney General

7 By: 

8 REED SATO

Date 9/25/01

Deputy Attorney General

9 Attorneys for California Department of Toxic Substances
10 Control (as successor in interest to Plaintiff State Department of
11 Health Services) and California Regional Water Quality Control
12 Board, Central Valley Region

13 HELLER EHRMAN WHITE & MCAULIFFE

14 By: 

15 THOMAS M. DONNELLY

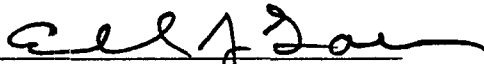
Date 8/15/01

16 Attorneys for Aerojet-General Corporation, Cordova
17 Chemical Company, and GenCorp Inc.

18 [PROPOSED] ORDER

19 Having considered the foregoing Stipulation, and good cause
20 appearing therefor,

21 IT IS SO ORDERED.

22 

23 Hon. Edward J. Garcia

Date 4/15/02

24 United States District Court Judge

1 (F) Performance of any requirement or obligation by either defendant
2 shall satisfy the obligation or requirement of the other defendant.
3

4 5. REMEDIAL INVESTIGATION/FEASIBILITY STUDY

5 (A) Pursuant to this Paragraph, Aerojet shall complete a
6 Remedial Investigation/Feasibility Study (RI/FS) consistent
7 with the NCP and addressing the factors set forth in
8 California Health and Safety Code Section 25356.1(c) through a
9 series of Operable Unit Remedial Investigation/Feasibility
10 Studies (OU RI/FS's) as provided more fully below:

11 (1) As to any release or threat of release of
12 hazardous substances, including migration of such substances
13 from discharges occurring before the effective date of the
14 Decree at

15 (a) the land described in Exhibit I-1 to this
16 Decree (sometimes referred to in this Decree as the "Aerojet-
17 General Operating Plant"), and the lands described in
18 Exhibits I-1A and I-2 to this Decree, except to the extent
19 that:

20 (i) the release or threat of release
21 results from activities of third parties (not acting as agents
22 of or in concert with Aerojet while undertaking such
23 activities) on any portion of the County Off-Highway Vehicle
24 Park at a time when Aerojet did not own, operate or lease such
25 portion and the harm to public health or the environment
26 resulting from the release or threat of release is divisible
27 from the harm, if any, resulting from Aerojet's activities on
28 such land; or

1 (ii) the release or threat of release is
2 from a discharge from Aerojet Deep Injection Well No. 1 or
3 No. 2 and was not into the Mehrten formation or any formation
4 above the Mehrten formation.

5 (b) any location on the land described in
6 Exhibit I-3 (McDonnell-Douglas Property) to the extent that

7 (i) Aerojet generated, transported,
8 disposed of, treated, or arranged for treatment or disposal of
9 hazardous substances at the location; or

10 (ii) Aerojet owned, operated or leased the
11 area at the time of disposal of hazardous substances at the
12 location; except to the extent that the release or threat of
13 release results from activities of third parties (not acting
14 as agents of or in concert with Aerojet while undertaking such
15 activities) at the location and the harm to public health or
16 the environment resulting from the release or threat of
17 release is divisible from the harm, if any, resulting from
18 Aerojet's activities at such location.

19 (c) any location on Exhibit I-4 land to the
20 extent that Aerojet contributed hazardous substances at the
21 location and

22 (i) the total number of hazardous
23 substances contributed by potentially responsible parties,
24 excluding Aerojet, is de minimus as provided in Section
25 122(g)(1)(A) of CERCLA; and
26
27
28

1 (ii) Aerojet or Plaintiffs discovers such
2 release or threat of release of hazardous substances while
3 taking action pursuant to this Decree.

4 (2) The Aerojet Site is defined as that land for
5 which Aerojet is responsible pursuant to Subparagraph 5(A) (1).

6 (B) (1) Where other hazardous substances are within an
7 Aerojet plume, Aerojet's responsibility for an action under
8 this Paragraph shall extend to such other hazardous substances
9 within the Aerojet plume to the extent the presence of such
10 substances in the Aerojet plume results in harm to public
11 health or the environment not divisible from the harm, if any,
12 resulting from the Aerojet plume.

13 (2) For purposes of this Subparagraph, "Aerojet
14 plume" means hazardous substances migrating in ground water
15 from a source for which Aerojet is responsible pursuant to
16 Subparagraph 5(A) (1) and "other hazardous substances" means
17 hazardous substances migrating in ground water from a source
18 for which Aerojet is not responsible pursuant to
19 Subparagraph 5(A) (1).

20 (C) Aerojet has conducted a Stage 1 Remedial
21 Investigation (RI) to determine the nature and extent of
22 public health or environmental problems, if any, presented by
23 the release or threat of release of hazardous substances into
24 soils, surface waters, sediments, ground water and air,
25 addressing migration of hazardous substances therefrom, if
26 any, including migration into the American River. With
27 respect to source areas, the Stage 1 RI addressed those areas
28

1 in Exhibit III-1 and those Exhibit III-2 areas agreed upon to
2 be addressed in the RI. Based upon information developed in
3 the Stage 1 RI, Aerojet shall conduct the Stage 2 Remedial
4 Investigations as set forth in the approved Stage 2 Remedial
5 Investigation Plans, where needed, and prepare Operable Unit
6 Remedial Investigation/Feasibility Studies (OU RI/FS's) to
7 develop and evaluate remedial alternatives, so it can
8 subsequently be determined what remedial action, if any, is
9 necessary to remedy public health or environmental problems
10 associated with each Operable Unit identified in each OU
11 RI/FS.

12 (D) Aerojet shall complete the RI/FS pursuant to this
13 Paragraph 5 by implementing the Operable Unit RI/FS Program
14 Plan set forth in Exhibit II.

15 (E) Aerojet shall implement the work in accordance with
16 the schedule set forth in the Operable Unit RI/FS Program
17 Plan.

18 (F) Aerojet may, from time to time, seek changes in
19 approved work under the Exhibit II Operable Unit RI/FS Program
20 Plan as follows:

21 (1) Except as provided in Subparagraph 5(F)(2),
22 Aerojet shall request such change in writing. If Plaintiffs
23 do not indicate written approval of the request within
24 thirty (30) days of receipt of the request or other period of
25 time to which Plaintiffs and Aerojet agree, it shall be deemed
26 disapproved; or
27
28

1 (2) Based on the exigencies of the situation,
2 Aerojet may make its request for a change orally and seek
3 Plaintiffs' approval within a specified period of time. If
4 Plaintiffs do not approve the request, Aerojet may proceed
5 with the change subject to Plaintiffs' subsequent disapproval
6 of the unapproved change. Any oral communications regarding
7 changes shall be confirmed in writing within five (5) days.
8 Any dispute respecting a change will be resolved as provided
9 in Exhibit II, Paragraph 9, or if necessary, Paragraph 20
10 (Dispute Resolution).

11 (G) Plaintiffs may also determine during the course of
12 reviewing analytical data or reports that a change should be
13 made to approved work under the Exhibit II Operable Unit RI/FS
14 Program Plan, including, without limitation, additional data
15 collection or evaluation or Modification of the Program Plan,
16 as provided in Exhibit II. In such case, Plaintiffs shall
17 notify Aerojet in writing. If Plaintiffs and Aerojet agree,
18 Aerojet shall perform the change pursuant to a schedule
19 proposed by Aerojet and approved by Plaintiffs. Any dispute
20 respecting a change will be resolved as provided in Exhibit
21 II, Paragraph 9, or if necessary, Paragraph 20 (Dispute
22 Resolution).

23 (H) If, before approval of the last OU RI/FS Report
24 required to be prepared under Exhibit II, or if prepared, a
25 final site-wide RI/FS, Aerojet or Plaintiffs discover a
26 potential source area on the Aerojet Site not listed in
27 Exhibit III, the discovering party shall notify the others of
28

1 the discovery. Plaintiffs or Aerojet may then propose that
2 the newly discovered potential source area be added to
3 Exhibit III-1. If the parties are unable to agree, the
4 provisions of Paragraph 20 (Dispute Resolution) shall apply.
5 After a source area is added to Exhibit III-1, Aerojet shall
6 submit to Plaintiffs for approval, in accordance with the
7 provisions of Subparagraph 5(F)(1), any change in work
8 appropriate to address the source area.

9 (I) This Subparagraph shall apply to deliverables
10 required in the Program Plan to be submitted to Plaintiffs for
11 review and approval except as provided in Subparagraph (K).
12 Within sixty (60) days of receipt of the deliverable,
13 Plaintiffs shall notify Aerojet in writing of their approval
14 or disapproval. If Plaintiffs disapprove, the notice shall
15 specify all deficiencies, and Aerojet shall, within sixty (60)
16 days of receipt of such notice (or a longer period if agreed),
17 resubmit the deliverable which will address each deficiency
18 identified by Plaintiffs with revisions or a written statement
19 why revisions were not made. If Plaintiffs disapprove the
20 deliverable as resubmitted, the provisions of Paragraph 20
21 (Dispute Resolution) shall apply.

22 (J) This Subparagraph shall apply to deliverables that
23 are required in the Program Plan to be submitted to Plaintiffs
24 for review and comment. Within sixty (60) days of receipt,
25 Plaintiffs shall notify Aerojet in writing of any comments
26 respecting such deliverable.
27
28

1 (K) This Subparagraph shall apply to the OU RI/FS
2 Reports.

3 (1) Within sixty (60) days of receipt of a final
4 OU RI/FS Report for each OU and a site wide RI/FS, if
5 prepared, or longer as required for US EPA National Remedy
6 Review Board review or if agreed to by the parties as
7 necessary for review, Plaintiffs shall cause it to be subject
8 to formal public comment as to its adequacy and completeness.
9 The OU RI/FS Report shall not make a recommendation as to the
10 appropriate remedial action for the Operable Unit.

11 (2) Within sixty (60) days of the close of the
12 public comment period, or a longer time if necessary to
13 respond to public comment, Plaintiffs shall notify Aerojet in
14 writing of their approval or disapproval of the Report as to
15 its adequacy and completeness and any required revisions. If
16 Plaintiffs disapprove, the notice shall specify all
17 deficiencies, and Aerojet shall, within sixty (60) days of
18 receipt of notice (or a longer period if agreed), resubmit the
19 OU RI/FS Report addressing each deficiency identified with
20 revisions or a written statement why revisions were not made.

21 Any dispute respecting the adequacy or completeness
22 of the OU RI/FS Report as well as a site wide RI/FS, if
23 prepared, will be resolved as provided in Exhibit II,
24 Paragraph 9 or, if necessary, Paragraph 20 (Dispute
25 Resolution).

26 (3) Upon approval of any final OU RI/FS Report
27 pursuant to this Subparagraph, the obligations of Aerojet
28

1 under this Paragraph regarding that OU terminate, except as
2 provided in Subparagraph 5(H) or Exhibit II, Paragraph 10.
3 Selection of remedial action is not determined under the
4 provisions of this Decree.

5 6. DRINKING WATER SUPPLY WELLS AND THE AMERICAN RIVER

6 Aerojet shall address drinking water supply wells and the
7 American River in accordance with the provisions contained in
8 Exhibits IV and V respectively.

9 7. GROUND WATER EXTRACTION/TREATMENT FACILITIES

10 Aerojet shall operate ground water extraction/treatment
11 facilities ("GET" facilities) in accordance with the
12 provisions contained in Exhibit VI.

13 8. COMMUNITY RELATIONS

14 (A) Aerojet acknowledges that Plaintiffs intend to
15 conduct a community relations program to advise the public on
16 this Decree and its implementation, and to facilitate public
17 comment on the Decree and various documents. Aerojet will
18 assist Plaintiffs in their community relations effort by
19 providing information as is consistent with Paragraph 18
20 below. Plaintiffs intend to carry out their community
21 relations program in accordance with a Community Relations
22 Plan (CRP), which may be revised from time to time based on
23 changing community needs. The CRP will serve as a workplan
24 for Plaintiffs' community relations program and will specify
25 the measures Plaintiffs intend to take: 1) to apprise the
26 public of site activities; 2) to provide the opportunity for
27 on-going dialogue between Plaintiffs and the community; and 3)
28

1 to describe ways for the public to make comments, as described
2 in Subparagraph 8(C), on documents submitted to Plaintiffs for
3 comment or approval. The CRP will provide, among other
4 things, for informational mailings to the public, periodic
5 public meetings and briefings, and provisions for at least one
6 document repository for public access to submittals by the
7 parties under this Decree. Plaintiffs will deliver documents
8 to the information repositories as specified in the CRP. The
9 CRP will also detail how the public can obtain access to the
10 documents and information available to the public pursuant to
11 Paragraph 23 of this Decree.

12 (B) There will be a 30-day formal public comment period
13 respecting the adequacy and completeness of each final OU
14 RI/FS Report pursuant to Subparagraph 5(K)(1). Plaintiffs,
15 following the conclusion of the public comment period, will
16 prepare a written responsiveness summary, which compiles the
17 specific comments received from the public and sets forth
18 Plaintiffs' response to the comments.

19 (C) Plaintiffs will also accept informal public comments
20 throughout the implementation of this Decree. Informal public
21 comments are comments regarding any matter not subject to
22 formal comment as described in Paragraph 8(B) above. Although
23 Plaintiffs are not required to respond to the informal
24 comments in writing, Plaintiffs intend to examine any
25 applicable informal comments when preparing their response to
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1 Aerojet on any document or proposal submitted to Plaintiffs
2 for approval or comment.

3 (D) Plaintiffs have formed a Community Advisory Group
4 (CAG) to facilitate ongoing dialogue among interested
5 community members, Plaintiffs and Aerojet regarding activities
6 conducted pursuant to this Decree and decisions pending before
7 the parties. The CRP addresses the structure of the CAG, the
8 frequency of meetings, and the provisions for administrative
9 and clerical support.

10 9. FINANCIAL ASSURANCES

11 (A) Within sixty (60) days after the effective date of
12 this Decree, Aerojet shall obtain from GenCorp the Guarantee
13 contained in Exhibit VII (hereinafter "Guarantee").
14 Plaintiffs have entered into this Decree on the condition that
15 Aerojet obtain this Guarantee from GenCorp.

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1 subject of this Decree and setting forth the caption of the
2 case, case number, and court having jurisdiction herein. No
3 grant of Exhibit I-1 or I-5 land may be made by Aerojet or its
4 successors unless it contains a covenant that the grantee and
5 any successor shall comply with the restrictions of this
6 Paragraph, that the grantee will not interfere with the
7 performance of obligations or exercise of rights pursuant to
8 this Decree, and that the grantee will subject itself to the
9 jurisdiction of this Court in this action to enforce the
10 restrictions of this Paragraph. The covenant shall be in full
11 force and effect until such time as Aerojet or a successor
12 records with the Recorder a waiver or waivers by Plaintiffs of
13 the restrictions in a form acceptable for recording, or an
14 order of the Court eliminating the restrictions.

15 (H) Plaintiffs may propose the addition of a portion of
16 Exhibit I-1 or I-5 land to Exhibit I-6 or Exhibit I-7 until
17 all the OU RI/FS Reports have been approved pursuant to
18 Subparagraph 5(K). If Plaintiffs and Aerojet cannot agree on
19 any proposed addition, the dispute shall be resolved pursuant
20 to Paragraph 20 (Dispute Resolution) and the Plaintiffs shall
21 have the burden of proving the need of the addition. The
22 State shall record with the Recorder a court order
23 incorporating additions to Exhibit I-6 or Exhibit I-7 land
24 pursuant to this Subparagraph (H) within 60 (sixty) days of
25 issuance. Any such addition shall not be effective as to any
26 subsequent grantee unless the order has been timely recorded
27 with the Recorder.
28

1 (I) Each OU RI/FS Report will address the appropriateness of
2 deed restrictions.

3 (J) This Paragraph imposes no restrictions on grants of
4 possessory interest in land by Aerojet made under leases,
5 agreements or other conveyances existing as of the effective date
6 of this Decree, to the extent that the imposition of such
7 restrictions would violate or change the provisions of any such
8 conveyance.

9 (K) At any time, Aerojet or any grantee or successor may
10 petition the Court for removal of the restrictions stated in any
11 or all subparagraphs of this Paragraph as to any or all lands, and
12 any such restrictions shall be ordered removed unless the Court
13 finds that, as to Exhibit I-6 or Exhibit I-7 land, there is a need
14 to retain such restriction to prevent a significant hazard to
15 present or future public health by reason of discharges of
16 hazardous substances occurring before the effective date of this
17 Decree, or that as to Exhibit I-1 or Exhibit I-5 land, there is
18 need to retain it to prevent interference with the performance of
19 Aerojet's obligations pursuant to this Decree.

20 (L) Recording by Aerojet or a successor with the Recorder of
21 an approval, order or notice specified below in this Subparagraph
22 (L) shall conclusively establish that Aerojet and any subsequent
23 grantee is free of any restrictions under the Order released by
24 said approval, order or notice:

25 (1) Approval by DHS or Plaintiffs as appropriate, of a
26 grant, use, or construction;
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1 violation after the 7th day of noncompliance and \$10,000 for
2 each day of each violation after the 30th day of
3 noncompliance.

4 (B) In the event that Aerojet fails to comply with any
5 of the time requirements specified below, Aerojet shall pay
6 promptly following written demand by Plaintiffs, \$4000 for
7 each day of each violation after the 7th day of noncompliance,
8 and \$8000 for each day of each violation after the 30th day of
9 non-compliance with:

10 (1) The time requirements for submittal of the
11 following deliverables contained in Exhibit II,
Paragraph 13:

12 Draft OU RI/FS Workplans
13 Final OU RI/FS Workplans
14 Draft OU RI/FS Reports
15 Final OU RI/FS Reports
16 Draft Program Plan Modification Report
17 Final Program Plan Modification Report
18 Program Plan Modification Report Addendum
19 Draft Site-Wide RI/FS Workplan (if required)
20 Final Site-Wide RI/FS Workplan (if required)
21 Draft Site-Wide RI/FS Report (if required)
22 Final Site-Wide RI/FS Report (if required)

23 (2) The time requirements for submittal of Facility
24 Reports, Development Report, monitoring plans,
25 and monitoring data for GET Facilities as
26 required by Paragraph 7 and Exhibit VI.

27 (3) The time requirements for actions required by
28 Subparagraphs 11(A) and 11(E).

(C) Aerojet shall be deemed to have complied with a time
requirement under this Paragraph if its submittal or
performance of the required action is made in accordance with
generally accepted engineering or scientific practices on or
before the time specified for the submittal or performance.
Should Aerojet fail to comply with a time requirement, the

1 period of noncompliance shall terminate upon Aerojet's submittal
2 or performance of the required action as set forth

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1 specified in Subparagraph (A) (4) where a Stage 2 Sampling Plan
2 is incorporated into the approved Phase I RI/FS Workplan.

3 (D) Any dispute under this Paragraph will be resolved
4 pursuant to Paragraph 20 (Dispute Resolution).

5 26. TERMINATION

6 (A) At any time after approval of any OU RI/FS Report
7 required to be prepared under Paragraph 5 and Exhibit II, if
8 Aerojet concludes that one or more obligations or requirements
9 of this Decree have been fully performed, it may so notify
10 Plaintiffs in writing. Plaintiffs shall respond in writing
11 within sixty (60) days or such longer period as may be agreed
12 by the parties. If Plaintiffs and Aerojet agree that the
13 obligation(s) or requirement(s) has been fully performed, they
14 will jointly file with the Court a stipulation to that effect.

15 (B) This Subparagraph applies only following approval of
16 any OU RI/FS Report or if prepared, a site wide RI/FS Report,
17 required to be prepared under Paragraph 5 and Exhibit II.
18 Aerojet's rights and obligations pursuant to Paragraphs 6, 7
19 and 11 (and any grantee's rights and obligations pursuant to
20 Paragraph 11) related to any discrete portion(s) of the
21 Aerojet Site addressed by any approved OU RI/FS Report or a
22 site wide RI/FS, if prepared, shall continue for 3 years after
23 approval of the respective OU RI/FS Report, but any or all
24 such rights and obligations related to that discrete
25 portion(s) of the Aerojet Site shall terminate if plaintiff
26 agencies, or any of them, issue administrative order(s) or
27 obtain an order from any court that gives rise to a right or
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1 obligation in Aerojet that is inconsistent with any right or
2 obligation under Paragraphs 6, 7, or 11 (or inconsistent with any
3 right or obligation of a grantee pursuant to Paragraph 11), but
4 only to the extent of the inconsistency.

5 (C) Aerojet's obligations pursuant to Paragraph 18 shall
6 continue to the extent necessary for Plaintiffs to oversee
7 Aerojet's performance of non-terminated obligations.

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1 a well at the same location abandoned after that date.
2 Plaintiffs or Aerojet may also propose deletion of any water
3 supply well from the list in Exhibit IV-1. If Plaintiffs and
4 Aerojet do not agree on an addition or deletion, the dispute
5 shall be resolved pursuant to Paragraph 20 (Dispute
6 Resolution). The party proposing an addition of a water
7 supply well shall have the burden of proving the need of that
8 well and the party proposing deletion of a water supply well
9 shall have the burden of proving that it is not needed.
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11 (K) The OU RI/FS Reports to be submitted by Aerojet
12 under Paragraph 5 of this Decree will address remedial
13 alternatives appropriate for protection of water supplies.
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EXHIBIT II
Operable Unit Remedial Investigation Feasibility Study Program Plan

1. INTRODUCTION

The Partial Consent Decree ("Decree"), as entered by the Court in 1989, contemplated the completion of a site-wide Remedial Investigation/Feasibility Study ("RI/FS") prior to beginning remedial action at the Aerojet Site. Exhibit II to the 1989 Decree contained an RI/FS Program Plan for completing the site-wide RI/FS in three steps as follows: 1) Scoping phase, 2) Phase I RI/FS and 3) Phase II RI/FS. As of the date of this 2001 Decree Modification, Aerojet has completed the Scoping Phase and significant portions of the Phase I Remedial Investigation. Aerojet has also undertaken other significant actions, including those described in the Stipulation by the Parties for entry of this 2001 Decree Modification. Based upon the investigations conducted by Aerojet, it has become apparent to the parties, as more fully explained in the Stipulation by the Parties for entry of this 2001 Decree Modification, that the completion of the RI/FS requirement at the Aerojet Site should proceed through the Operable Unit approach described below. Accordingly, this Exhibit II Operable Unit Remedial Investigation Feasibility Study Program Plan ("Operable Unit RI/FS Program Plan" or "Program Plan") supersedes the requirements of the 1989 Exhibit II RI/FS Program Plan.

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1 2. OPERABLE UNIT APPROACH

2 The objective of this Operable Unit RI/FS Program Plan
3 is to complete the RI/FS for the Aerojet Site through
4 operable units to facilitate the expeditious assessment of
5 risks to public health and the environment and the
6 development of documentation that will support the
7 selection of remedial action for the Aerojet Site on an
8 operable unit basis. The Program Plan requires Aerojet to
9 complete an RI/FS for each discrete portion of the Aerojet
10 Site that is identified as an Operable Unit ("OU")
11 (referred to as "Operable Unit Remedial
12 Investigation/Feasibility Study" or "OU RI/FS"). The
13 document summarizing the results of the OU RI/FS shall be
14 called Operable Unit Remedial Investigation/Feasibility
15 Study ("OU RI/FS") Report. The parties contemplate that,
16 following approval of each OU RI/FS Report, a process will
17 lead to selection and implementation of remedial action for
18 that OU. However, the process following approval of the OU
19 RI/FS Report, including the process by which remedial
20 action is selected and implemented and the rights and
21 obligations of the parties as to such process, are not
22 established or resolved by the Decree. The parties have
23 already identified the highest priority Operable Units in
24 Paragraph 11 (DESCRIPTION OF INITIAL OPERABLE UNITS) below.
25 Paragraph 13 (DELIVERABLES AND SCHEDULE) of this Program Plan
26 contains the list of deliverables and schedules associated
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1 with these initial Operable Units. The remaining Operable
2 Units and any other appropriate RI/FS work (e.g.,
3 cumulative risk assessments) will be identified and
4 prioritized in the Program Plan Modification Report
5 described in Paragraph 12 below. Upon approval of the
6 Program Plan Modification Report, Paragraph 13 (DELIVERABLES
7 AND SCHEDULES) of this Program Plan will be modified to
8 incorporate the deliverables and schedules contained in the
9 Program Plan Modification Report, as further described in
10 Paragraph 12, without further action of the Court. Upon
11 the completion and approval of all activities required by
12 this Program Plan, Aerojet's obligation to conduct an RI/FS
13 for the Aerojet Site pursuant to this Decree will be met.

15 3. OU RI/FS WORKPLANS

16 For each OU identified pursuant to this Program Plan,
17 Aerojet shall submit for review and approval a draft and
18 final workplan for conducting the OU RI/FS ("OU RI/FS
19 Workplan"). Each OU RI/FS Workplan shall describe the
20 discrete steps and schedule necessary to complete the OU
21 RI/FS Report, and shall specify the requirements for
22 conducting the OU RI/FS in accordance with the latest
23 pertinent RI/FS guidance, including, but not limited to,
24 scoping, characterization, development of alternatives,
25 screening of alternatives, performance of treatability
26 studies (if applicable), detailed analyses of alternatives,
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1 and comparative analyses of alternatives. Each OU RI/FS
2 Workplan shall also specify the schedule for submission of
3 a draft and final OU RI/FS Report consistent with the
4 schedule in Paragraph 13 (DELIVERABLES AND SCHEDULE) below, and
5 for any other submittals that will be prepared to support
6 the OU RI/FS (e.g., treatability study workplans and
7 reports), including the Plaintiffs' comment/approval
8 periods for these submittals. Each OU RI/FS Workplan shall
9 include target dates, for planning purposes only (and not
10 subject to approval, or action or dispute resolution, under
11 this Program Plan), of the projected schedule after
12 approval of the Final OU RI/FS Report through selection and
13 implementation of the remedy for that Operable Unit. Each
14 approved OU RI/FS Workplan shall be deemed incorporated
15 into this Program Plan. The schedule, exclusive of target
16 dates, contained in each approved OU RI/FS Workplan shall
17 be deemed incorporated into Paragraph 13 (DELIVERABLES AND
18 SCHEDULE) below.

4. OU RI/FS REPORTS

21 For each OU identified pursuant to this Program Plan,
22 Aerojet shall submit for review and approval a draft and
23 final OU RI/FS Report. Each OU RI/FS Report shall be
24 consistent with 40 CFR 300.430 and any amendments thereto
25 and pertinent RI/FS guidance documents and any pertinent
26 updates thereto. Each OU RI/FS Report shall also contain

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1 human health and ecological risk assessment documentation
2 consistent with Paragraph 10 (RISK ASSESSMENTS) below.

3 4 5. MANAGEMENT AND IMPLEMENTATION OF THE PROGRAM PLAN

5 Aerojet shall implement the work set forth in this
6 Program Plan in accordance with the schedules contained in
7 Paragraph 13 (DELIVERABLES AND SCHEDULE). Aerojet shall also
8 implement the work set forth in the deliverables approved
9 pursuant to this Program Plan in accordance with the
10 approved schedules in the deliverables. The schedules may
11 be modified as provided in this Program Plan and elsewhere
12 in the Decree, in which case Aerojet shall implement the
13 work in accordance with any such schedule modification.
14 Aerojet shall perform investigations and incorporate
15 investigatory work in the appropriate OU RI/FS Workplan in
16 accordance with any previously-approved Stage 2 sampling
17 plans and include the results of the sample analyses in the
18 appropriate draft and final OU RI/FS Reports.

19 20 6. MODIFICATION OF THE PROGRAM PLAN

21 In addition to the Program Plan Modification
22 Report described in Paragraph 12 below, Plaintiffs or
23 Aerojet may propose modifications to the work required by
24 this Program Plan from time to time as provided in
25 Paragraphs 5(F) and 5(G) of the Decree. The identity,
26 scope, and schedule of deliverables, pursuant to the
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1 Program Plan, may be modified upon written agreement of the
2 parties without further action of the Court. Requests for
3 changes to the work or schedule proposed by any party must
4 include a discussion of the reason for the request. Within
5 thirty (30) days of written agreement of the parties,
6 Aerojet shall incorporate any agreed upon modification into
7 Paragraph 13 (DELIVERABLES AND SCHEDULE) below, the document, or
8 the schedule, as appropriate.

10 7. PROGRAM PLAN PROGRESS REPORTS

11 Aerojet shall provide quarterly written progress
12 reports to the Plaintiffs that describe the actions taken
13 during the previous quarter. Reports will be submitted
14 within twenty (20) days after the last day of each calendar
15 quarter. Each report will include the following:

16 (A) A description of activities undertaken
17 toward completing workplan tasks;

18 (B) A summary of the changes in the work or
19 workplan during the preceding quarter;

20 (C) The date any workplan task was completed;

21 (D) The activities scheduled for the next
22 quarter toward completing workplan tasks (including all
23 sampling events);

24 (E) The identification of any situation in the
25 next quarter which may cause delay in undertaking planned

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activities and a summary of efforts made, if any, to mitigate the delay;

(F) The identification of any data collected and validated from the RI/FS activities under any workplan and not reported under Paragraph 18(G) of the Decree; and

(G) Changes in program organization.

8. REMOVAL ACTIONS

Aerojet or the Plaintiffs may propose, in writing, to modify work required by the Program Plan to include the performance of a removal action. A party shall respond in writing to such proposals within forty-five (45) days. If the parties agree that the removal action should be performed and on any schedule modification that is appropriate for the undertaking of such action, Aerojet shall, within thirty (30) days of written concurrence of all the parties, modify Paragraph 13 (DELIVERABLES AND SCHEDULE) below to incorporate the work necessary to prepare the decision documents for the removal action, including any changes in the schedule or scope of any other work under this Program Plan, which work shall be undertaken pursuant to this Program Plan, and, for planning purposes only, the projected schedule dates for initiation of the removal action. Failure to agree on proposals for removal action is not subject to dispute resolution. As provided in Paragraph 22 (J) of the Decree, Plaintiffs reserve their

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1 respective rights to take any removal action not included
2 within Covered Matters, as that term is defined in
3 Paragraph 22 of the Decree, or to take any remedial action
4 and to recover the costs of such actions. Plaintiffs
5 further reserve their respective rights to compel Aerojet
6 to take such removal or remedial actions through
7 administrative or judicial action.

9 9. PROGRAM PLAN DISPUTE RESOLUTION

10 Paragraph 20 (Dispute Resolution) of the Decree
11 contains provisions for the submission of disputes to the
12 Court for judicial resolution. Paragraph 20 (DISPUTE
13 RESOLUTION) of the Decree requires the parties to attempt to
14 resolve disputes before they may refer a dispute to the
15 Court for judicial resolution. This Paragraph 9 sets forth
16 the approach that the parties will take prior to referring
17 a dispute arising out of this Program Plan to the Court.
18 If the exigencies require, however, a dispute may be
19 submitted to the Court prior to completion of dispute
20 resolution under this Paragraph 9. In the event that
21 dispute resolution under this Paragraph 9 does not resolve
22 the dispute, nothing in this Paragraph 9 precludes a party
23 from invoking Paragraph 20 (DISPUTE RESOLUTION) of the Decree
24 and seeking Court resolution of any dispute which is
25 otherwise subject to dispute resolution under the Decree.
26 Similarly, nothing in this Paragraph 9 modifies the
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1 parties' rights under the Decree or establishes a right to
2 judicial dispute resolution under the Decree, where the
3 Decree otherwise provides that the issue will not be
4 subject to dispute resolution and, that in the event of
5 dispute, the parties have reserved their rights under the
6 Decree. All parties shall make reasonable efforts to
7 informally resolve disputes at the Project Coordinator or
8 their immediate supervisory level before requesting
9 resolution under the procedures of this Paragraph 9. If
10 resolution cannot be achieved through such actions, the
11 following procedures of this Paragraph 9 shall be
12 implemented to attempt to resolve the dispute in the event
13 that any party demands further dispute resolution in
14 accordance with these procedures before the matter is
15 submitted to the Court for judicial resolution. Nothing
16 herein requires that a party invoke these procedures as a
17 condition for seeking judicial resolution under Paragraph
18 20 (DISPUTE RESOLUTION) of the Decree.

19
20 (A) Dispute Resolution Committee. A Dispute
21 Resolution Committee ("DRC") will be established to serve
22 as the forum for resolution of disputes for which agreement
23 has not been reached through informal dispute resolution.
24 The parties shall each designate one individual and an
25 alternate to serve on the DRC. The individuals designated
26 to serve on the DRC shall be employed at a level above the
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1 Program Coordinators' immediate supervisors and be
2 delegated the authority to participate on the DRC for the
3 purposes of dispute resolution.

4
5 (B) Written Statement of Dispute. Unless a
6 different period of time is agreed upon by the parties, any
7 party shall have forty-five (45) days after disapproval or
8 disagreement on an issue subject to Paragraph 20 (DISPUTE
9 RESOLUTION) of the Decree to submit to the DRC a written
10 statement of dispute setting forth the nature of the
11 dispute, the work affected by the dispute, the disputing
12 party's position with respect to the dispute, the
13 technical, legal or factual information the disputing party
14 is relying upon to support its position, and an explanation
15 of all steps taken to resolve the dispute.

16
17 (C) Meeting of the DRC. Following elevation of
18 a dispute to the DRC, the DRC shall have twenty-one (21)
19 days to meet and attempt to unanimously resolve the dispute
20 and issue a written unanimous resolution of the dispute.
21 If the DRC is unable to unanimously resolve the dispute
22 within this twenty-one (21) day period, the written
23 statement of dispute together with the position of each
24 party's DRC representative shall be forwarded to the
25 Program Coordinators within seven (7) days after the close
26 of the twenty-one (21) day resolution period. The twenty-
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one (21) day period may be extended by written agreement of the DRC members.

(D) Automatic Extension of Time. The pendency of any dispute under this Paragraph 9 shall not affect any party's responsibility for timely performance of the work required by this Program Plan, except that the time period for completion of work affected by such dispute shall be extended for a period of time usually not to exceed the actual time taken to resolve any good faith dispute in accordance with the procedures specified herein. All elements of the work required by this Program Plan that are not affected by the dispute shall continue and be completed in accordance with the applicable schedule.

(E) Incorporation of Resolution. Within twenty-one (21) days of resolution of a dispute pursuant to the procedures specified in this Paragraph 9, Aerojet shall incorporate the resolution and final determination into the appropriate plan, document or schedule and proceed to implement this Program Plan according to the amended plan, schedule or procedures.

10. RISK ASSESSMENT

Each OU RI/FS Report shall contain a human health risk assessment and an ecological risk assessment, as described

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below, that is consistent with 40 CFR 300.430 and any amendments thereto and pertinent RI/FS guidance documents and any pertinent updates thereto. Cumulative site-wide risk shall be evaluated as part of the RI/FS Program Plan herein. Aerojet shall perform the site-wide human health and ecological risk assessment using the approved approach provided for in Paragraph 12 (PROGRAM PLAN MODIFICATION REPORT) below. Aerojet shall perform such further RI/FS activities as are appropriate in order to address the results of the site-wide risk assessment.

(A) Human Health Risk Assessments. Except as modified by the latest pertinent regulations or guidance, the Human Health Risk Assessment shall address the following:

(1) Identification of Hazard Sources:
Hazardous substances present at the OU and major contaminants of concern shall be identified.

(2) Dose-Response Assessment: Contaminants of concern shall be selected based on their intrinsic toxicological properties.

(3) Conceptual Exposure/Pathway Analysis:
Critical exposure pathways (e.g., drinking water) shall be identified and analyzed. The proximity of contaminants to exposure pathways and their potential to migrate into critical exposure pathways shall be assessed.

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1 (4) Characterization of Site and Potential
2 Receptors: Human populations in the exposure pathways shall
3 be identified and characterized.

4 (5) Exposure Assessment: The exposure
5 assessment shall identify the magnitude of actual or
6 potential human exposures, the frequency and duration of
7 these exposures, and the routes by which receptors are
8 exposed. The exposure assessment shall include an
9 evaluation of the likelihood of such exposures occurring
10 and provide the basis for the development of acceptable
11 exposure levels. In developing the exposure assessment,
12 Aerojet shall develop reasonable maximum estimates of
13 exposure for both current land use conditions and potential
14 land use conditions at the site.

15 (6) Risk Characterization: During risk
16 characterization, chemical-specific toxicity information,
17 combined with quantitative and qualitative information from
18 the exposure assessment, shall be compared to measured
19 levels of contaminant exposure levels and levels predicted
20 through environmental fate and transport modeling. These
21 comparisons shall determine whether concentrations of
22 contaminants at or near the site are affecting or could
23 potentially affect human health.

24 (7) Identification of Limitations/
25 Uncertainties: Critical assumptions (e.g., background

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1 concentrations and conditions) and uncertainties shall be
2 identified.

3 (8) Site Conceptual Model: Based on
4 contaminant identification, exposure assessment, toxicity
5 assessment, and risk characterization, a conceptual risk
6 model for the OU RI/FS shall be developed.

7
8 (B) Ecological Risk Assessments. Except as
9 modified by the latest pertinent regulations or guidance,
10 the Ecological Risk Assessment shall address the following:

11 (1) Identification of Hazard Sources: Hazardous
12 substances present at the OU and major contaminants of
13 concern shall be identified.

14 (2) Dose-Response Assessment: Contaminants of
15 concern should be selected based on their intrinsic
16 toxicological properties.

17 (3) Conceptual Exposure/Pathway Analysis:
18 Critical exposure pathways (e.g., surface water) shall be
19 identified and analyzed. The proximity of contaminants to
20 exposure pathways and their potential to migrate into
21 critical exposure pathways shall be evaluated.

22 (4) Characterization of Site and Potential
23 Receptors: Environmental exposure pathways shall be
24 identified and characterized.

25 (5) Selection of Chemicals, Indicator Species,
26 and End Points: Representative chemicals, indicator species

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1 (species that are especially sensitive to environmental
2 contaminants), and end points shall be assessed.

3 (6) Exposure Assessment: The exposure
4 assessment shall identify the magnitude of actual or
5 environmental exposures, the frequency and duration of
6 these exposures, and the routes by which receptors are
7 exposed. The exposure assessment review shall include an
8 evaluation of the likelihood of such exposures occurring
9 and provide the basis for the development of acceptable
10 exposure levels. Reasonable maximum estimates of exposure
11 for both current land use conditions and potential land use
12 conditions at the site shall be determined.

13 (7) Toxicity Assessment/Ecological Effects
14 Assessment: The toxicity and ecological effects assessment
15 shall be developed for types of adverse environmental
16 effects associated with chemical exposures as well as the
17 relationships between magnitude of exposures and adverse
18 effects, and the related uncertainties for contaminant
19 toxicity (e.g., weight of evidence for a chemical's
20 carcinogenicity).

21 (8) Risk Characterization: During risk
22 characterization, chemical-specific toxicity information,
23 combined with quantitative and qualitative information from
24 the exposure assessment, shall be compared to measured
25 levels of contaminant exposure levels and the levels
26 predicted through environmental fate and transport

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1 modeling. These comparisons shall determine whether
2 concentrations of contaminants at or near the site are
3 affecting or could potentially affect the environment.

4 (9) Identification of Limitations/Uncertainties:
5 Critical assumptions (e.g., background concentrations and
6 conditions) and uncertainties shall be identified.

7 (10) Site Conceptual Model: Based on contaminant
8 identification, exposure assessment, toxicity assessment,
9 and risk characterization, a conceptual model shall be
10 developed for the OU RI/FS.

11
12 11. DESCRIPTION OF INITIAL OPERABLE UNITS

13 This paragraph describes the Operable Units initially
14 identified by the parties for this Program Plan.
15 Additional Operable Units will be identified pursuant to
16 the Program Plan Modification Report described in Paragraph
17 12 (PROGRAM PLAN MODIFICATION REPORT) below, and may also be
18 identified pursuant to other provisions of this Program
19 Plan and the Decree. Aerojet shall submit the deliverables
20 for the Operable Units in this paragraph in accordance with
21 Paragraph 13 (DELIVERABLES AND SCHEDULE) below.

22
23 (A) Western Offsite Groundwater OU. This OU
24 shall include the plumes of chemicals from the Aerojet Site
25 in the groundwater at and beyond the western boundary of
26 the Aerojet-General Operating Plant, including portions of
2001 Operable Unit RI/FS Program Plan, Partial Consent Decree Modification

EXHIBIT II

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1 the plumes of chemicals migrating from the joint burn and
2 former spray field areas at the Inactive Rancho Cordova
3 Test Site ("IRCTS") and portions of plumes migrating from
4 the Aerojet-General Operating Plant beneath the IRCTS, as
5 more particularly illustrated in Exhibit II-1. A Western
6 Groundwater OU RI/FS Report, as amended, has already been
7 submitted by Aerojet and approved by the Plaintiffs.

8
9 (B) Area 41 Soil and Groundwater OU. This OU
10 shall include the contaminated soils and groundwater at
11 Area 41, Cavitt Ranch, as more particularly illustrated in
12 Exhibit II-2.

13
14 (C) Perimeter Groundwater OU. This OU shall
15 include all of the remaining plumes of chemicals in the
16 groundwater at and beyond the boundary of the Aerojet Site
17 that are not addressed by the Western Groundwater OU, the
18 Area 41 Soil and Groundwater OU, or the remedial program
19 for the IRCTS under Department of Toxic Substances Control
20 ("DTSC") Order No. I&SE 93/94-016 and Regional Board
21 Cleanup and Abatement Order 97-093. This OU shall include,
22 without limitation, the plumes of chemicals in the
23 groundwater at Areas 39 and 40 and the remaining plumes of
24 chemicals in the groundwater migrating from the Aerojet-
25 General Operating Plant beneath the IRCTS. The American
26 River Study Area is included in this OU. However, Aerojet
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1 is already undertaking an interim containment action (the
2 American River GET Facility) pursuant to Regional Board
3 Cleanup and Abatement Order No. 96-230, with discharge
4 under an NPDES permit (Order No. 98-113). Nothing in this
5 Program Plan shall excuse Aerojet from complying with any
6 order issued by Plaintiffs, except to the extent otherwise
7 provided by the Decree. It is anticipated that Aerojet
8 will continue to operate the American River GET Facility
9 until such time that a remedial action for this OU has been
10 selected pursuant to a Record of Decision and is being
11 implemented pursuant to a consent decree or order. This OU
12 will be more particularly described in the OU RI/FS
13 Workplan for this OU.

14
15 12. PROGRAM PLAN MODIFICATION REPORT

16 (A) Aerojet shall submit for review and approval
17 a draft and final Program Plan Modification Report ("PPMR")
18 in accordance with the schedule in Paragraph 13 (DELIVERABLES
19 AND SCHEDULE) below. The PPMR shall contain a list of all
20 known source areas, excluding the source areas in Area 41,
21 which will be addressed in the Area 41 Soil and Groundwater
22 OU. The PPMR shall group the source areas and all on-site
23 plumes of chemicals in groundwater into distinct OUs. The
24 OUs shall be ranked by priority for remediation according
25 to the following characteristics: potential threat to
26 groundwater, considering type, quantity and location of

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1 contaminants in the vadose zone and in groundwater,
2 characteristics of groundwater at or near the source area,
3 location of the source area (including proximity to site
4 boundaries), risks associated with surface exposure, and
5 potential threat to offsite groundwater. The PPMR shall
6 contain a narrative that includes quantitative and
7 qualitative information justifying the grouping of sites
8 into OUs, and the OUs' respective rankings according to
9 priority for remediation. The draft and final PPMR shall
10 include a schedule for the completion of draft and final OU
11 RI/FS Workplans and OU RI/FS Reports that will support
12 remedial action for all of the remaining OUs. The draft
13 and final PPMR shall also contain target dates for remedial
14 action for all OUs. The PPMR may also make recommendations
15 for removal actions as described in Paragraph 8 (REMOVAL
16 ACTIONS) above.

17
18 (B) The schedule in the PPMR shall provide for
19 the preparation of OU RI/FS Reports for the highest ranking
20 OUs before the lower ranking OUs except as follows.
21 Aerojet may propose that, for the purpose of development or
22 reuse of areas of the Site, additional OU RI/FS Reports be
23 prepared at the same time as OU RI/FS Reports that are
24 scheduled according to their respective ranking.
25 Additional OU RI/FS Reports proposed by Aerojet for
26 development or reuse purposes shall not cause a delay to
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1 the schedule for any higher ranked OUs. Any deliverables
2 listed in Paragraph 13 (DELIVERABLES AND SCHEDULE) below that
3 are accelerated for development or reuse purposes shall
4 include a notation to that effect.

5
6 (C) The PPMR shall also contain Aerojet's
7 proposal for meeting the obligation to adequately evaluate
8 site-wide human health risk and ecological risk assessment
9 through the multiple OU RI/FS process, as outlined in
10 Paragraph 10 (RISK ASSESSMENT) above, including, as
11 appropriate, any additional deliverables and associated due
12 dates.

13
14 (D) Once the final PPMR is approved, Paragraph
15 13 (DELIVERABLES AND SCHEDULES) below shall be deemed modified
16 to add the deliverables and associated due dates contained
17 in the immediately succeeding six years of the final PPMR's
18 schedule to the existing list of deliverables and
19 associated due dates.

20
21 (E) One year after submittal of the final PPMR,
22 and annually thereafter until due dates for all RI/FS
23 deliverables for the Aerojet Site have been incorporated
24 into Paragraph 13 (DELIVERABLES AND SCHEDULES) below, Aerojet
25 shall submit a PPMR Addendum. Each PPMR Addendum shall
26 contain due dates for the completion of draft and final OU

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RI/FS Workplans and OU RI/FS Reports, if any, during the one year period following the period already incorporated into Paragraph 13 (DELIVERABLES AND SCHEDULE). If the due dates for the deliverables contained in the PPMR Addendum are later than those contained in the PPMR's schedule, Aerojet shall include an explanation. Upon approval of the PPMR Addendum, Paragraph 13 (DELIVERABLES AND SCHEDULES) below shall be deemed modified to add the deliverables and associated due dates contained in the PPMR Addendum.

12A. CENTRAL DISPOSAL AREA MONITORING

Aerojet will conduct semi-annual monitoring and evaluation of the Central Disposal Area, which is comprised of source areas 40D-48D as set forth in Exhibit III-1 of the Decree ("Central Disposal Area"), for any contaminants flowing from the Central Disposal Area toward the Carve-Out Lands. Aerojet shall submit for review and approval a Central Disposal Area Monitoring and Evaluation Plan in accordance with the schedule in Paragraph 13 (DELIVERABLES AND SCHEDULE).

13. DELIVERABLES AND SCHEDULE

Aerojet shall submit the following deliverables to the Plaintiffs no later than the associated due dates absent modification to the schedule pursuant to

EXHIBIT II

Operable Unit Remedial Investigation Feasibility Study Program Plan

1 agreement of the parties or as otherwise provided
2 pursuant to the Decree.

3 THE REST OF THIS PAGE IS LEFT INTENTIONALLY BLANK
4
5

EXHIBIT II

Operable Unit Remedial Investigation Feasibility Study Program Plan

Exhibit II Submittal	Submittal Date
Perimeter Groundwater Operable Unit	
Draft OU RI/FS Workplan	6 months after lodging PCD modifications
Final OU RI/FS Workplan	8 months after lodging PCD modifications
Draft OU RI/FS Report	1 year after submittal of Final OU RI/FS Workplan
Final OU RI/FS Report	4 months after submittal of Draft OU RI/FS Report
Area 41 Soil and Groundwater Operable Unit	
Draft OU RI/FS Workplan	30 days after perchlorate Rfd is set
Final OU RI/FS Workplan	60 days after submittal of Draft OU RI/FS Workplan
Draft OU RI/FS Report	105 days after submittal of Final OU RI/FS Workplan
Final OU RI/FS Report	4 months after submittal of Draft OU RI/FS Report
Program Plan Modification Report	
Draft Report	35 months after lodging PCD modifications
Final Report	4 months after submittal of Draft PPMR Report
Annual Addendum	1 year after submittal of Draft PPMR Report, and annually thereafter
Central Disposal Area	
Draft Plan for Central Disposal Area Monitoring and Evaluation	60 days after lodging PCD modifications

2
3
4

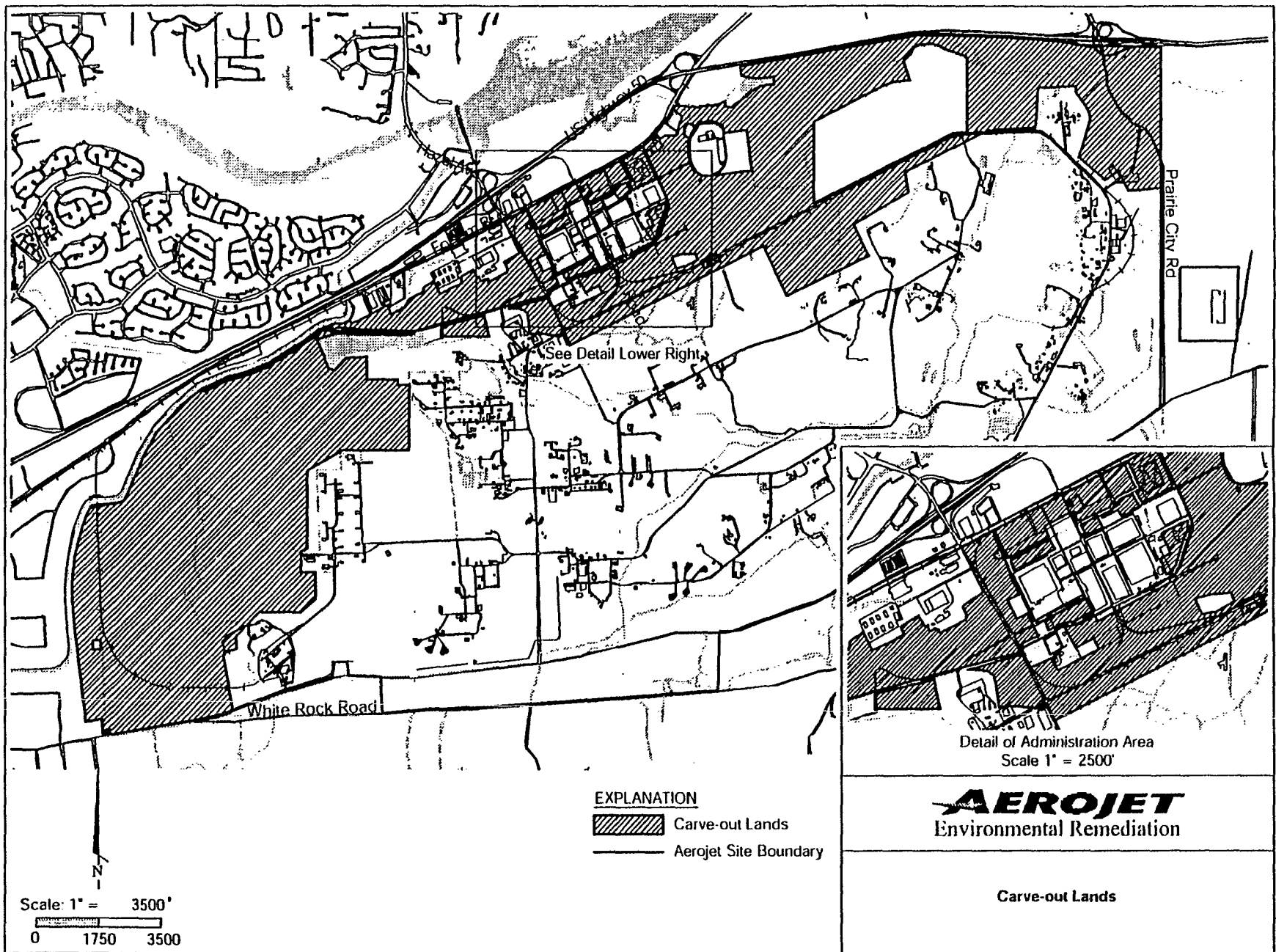
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ASSUMED REVIEW TIME PERIODS:

- 30 day Agency review and comment period on draft OU RI/FS Workplans
- 30 day Aerojet revision and submittal of final OU RI/FS Workplans
- 60 day Agency review and comment period on draft OU RI/FS and PPMR Reports
- 60 day Aerojet revision and submittal of final OU RI/FS and PPMR Reports

This page is followed by Exhibit III-1, page 111.





UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

September 17, 2001

Chris W. Conley
Vice President, Environmental Health and Safety
Aerojet-General Corporation
P.O. Box 537012
Sacramento, California 95853-7012

Dear Mr. Conley:

The Aerojet facility in Sacramento County, California was listed by the U.S. Environmental Protection Agency (EPA) as part of the Superfund National Priorities List (NPL) on September 8, 1983. Pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), and implementing regulations and policies, the Aerojet NPL Site is defined as those areas where hazardous substances have been released or have come to be located, and areas in close proximity that are needed for cleanup activities (e.g., to locate groundwater wells or treatment facilities). In June of 1989, a Partial Consent Decree was entered requiring Aerojet, among other things, to perform a Remedial Investigation/Feasibility Study (RI/FS) on the entire eight thousand five hundred (8,500)-acre facility. EPA Region 9 and the State of California are currently overseeing Aerojet's RI/FS activities.

Aerojet representatives have requested that EPA consider delisting lands that Aerojet intends to develop from the Aerojet NPL Site. This letter responds to that request. Based upon Aerojet's investigations performed pursuant to a workplan approved by EPA and the State of California, and subject to declarations of covenants and environmental restrictions to be recorded in the Official Records of Sacramento County, California, EPA does not consider the areas in Exhibit A attached hereto to be part of the Aerojet Site, except for contaminated groundwater and associated contaminated media beneath the surface of these areas (the "Carve-Out Lands"). With regard to the sale of any interest in the Carve-Out Lands or any portion thereof, Aerojet and its buyers should be aware that EPA generally will not take enforcement actions against or seek cost recovery from owners of property containing contaminated groundwater that have not contributed to or exacerbated groundwater contamination. Please refer to the EPA policy entitled "Policy Towards Owners of Property Containing Contaminated Aquifers," (July 3, 1995) 60 Fed. Reg. 34790. Prospective purchasers acquiring these properties may be entitled to the benefits of this policy. The clarification of the Aerojet Site's boundaries does not, of course, affect the liability of responsible parties, or impede efforts by EPA or the State of California to require or take response actions not inconsistent with the National Contingency Plan or to recover costs associated with response efforts under CERCLA.

Based on the investigations of the Carve-Out Lands and consideration of anticipated groundwater cleanup plans, the EPA and the State of California have agreed to seek to modify

the Partial Consent Decree, removing the Carve-Out Lands from the definition of the Aerojet NPL Site contained in the Partial Consent Decree and dividing up the Site into operable units for purposes of performing the RI/FS. This modification to the Partial Consent Decree is subject to public comment and entry by the Court.

Effective upon court entry of said modification to the Partial Consent Decree, EPA will no longer consider the Carve-Out Lands to be part of the Aerojet NPL Site. Moreover, EPA will update its NPL database to reflect the fact that EPA does not consider the Carve-Out Lands to be part of the Aerojet NPL Site, and future references to the Aerojet NPL Site by EPA will not include the Carve-Out Lands. EPA will also issue a Fact Sheet clarifying the boundaries of the Aerojet NPL Site, which will include all contaminated areas, but will not include areas that have not been impacted by hazardous substance releases.

. Should your legal counsel have further questions regarding this matter, he or she may contact Thelma Estrada of our Office of Regional Counsel at (415) 744-1386.

Very truly yours,

A handwritten signature in black ink, appearing to read "John Kemmerer", written over a horizontal line.

John Kemmerer
Chief, Site Cleanup Branch
Superfund Division

Recording Requested By:

Aerojet-General Corporation

When Recorded, Mail To:

William S. Hunter
Hunter Richey Di Benedetto & Eisenbeis, LLP
Renaissance Tower
801 "K" Street, 23rd Floor
Sacramento, CA 95814

(Space above this line reserved for County Recorder's use.)

Assessor Parcel Number(s):

DECLARATION OF COVENANTS AND ENVIRONMENTAL RESTRICTIONS

This Declaration of Covenants and Environmental Restrictions (this "**Declaration**") is dated, for reference purposes, as of the 19th day of June, 2001, and is executed, on the dates set forth with the signatures below, by and among Aerojet-General Corporation ("**Covenantor**"), the California Regional Water Quality Control Board for the Central Valley Region (the "**Regional Board**"), and the United States of America and its assigns (the Regional Board and the United States of America, collectively, "**Covenantees**") (Covenantor and Covenantees, collectively, the "**Parties**").

WITNESSETH:

WHEREAS, Covenantor owns real property situated in the unincorporated area of Sacramento County (the "**County**"), California more fully described in **Exhibits "A" and "B"** attached hereto and incorporated herein by this reference (collectively, excluding all interests in contaminated groundwater and associated contaminated media beneath the surface of said real property, the "**Property**"); and

WHEREAS, the Property was part of the Aerojet Superfund Site (the "**Site**"), which the U.S. Environmental Protection Agency (the "**USEPA**"), pursuant to section 105 of the Comprehensive Environmental Response, Compensation and Liability Act ("**CERCLA**"), 42 U.S.C. section 9605, placed on the National Priorities List (the "**NPL**"), set forth at 40 C.F.R. Part 300, by publication in the Federal Register on September 8, 1983; and

WHEREAS, with the consent and approval of the Regional Board, the USEPA determined that it no longer considers the Property to be part of the Site and issued to

Covenantor correspondence setting forth that determination, a copy of which correspondence is attached hereto as **Exhibit "C"**; and

WHEREAS, concurrently with, or immediately before, recordation of this Declaration in the Official Records of County (the "**Official Records**"), that certain Partial Consent Decree (the "**PCD**") entered on June 23, 1989 in the consolidated actions No. CIVS 86-0063-EJG and No. CIVS 86-0064-EJG in the United States District Court for the Eastern District of California was, with the consent and approval of Parties, modified to remove, or carve out, the Property from other real property encumbered by the PCD, a copy of which PCD as so modified can be found in the files of that court; and

WHEREAS, on July 20, 1989, at Book 89 07 20, Page 1004, as Document Number 165366, Paragraph 11 of the PCD ("**Paragraph 11**") was recorded in the Official Records, and concurrently with, or immediately after, recordation of this Declaration in the Official Records, Paragraph 11, with the consent and approval of Parties, is being modified to exclude the Property from the real estate described in the exhibits attached thereto; and

WHEREAS, the effect of said modifications to the PCD and Paragraph 11 is to cause the Property to be no longer encumbered or affected by the PCD and/or Paragraph 11, such that none of their provisions shall restrict, or require any action of, Covenantor or its successors and assigns respecting use, development, or conveyance of the Property or any portion thereof; and

WHEREAS, the groundwater and associated contaminated media beneath the surface of the Property contain "hazardous materials," as that term is defined in section 25260 of the California Health and Safety Code, "waste," as that term is defined in section 13050 of the California Water Code, and "hazardous substances," as that term is defined in section 9601(14) of CERCLA (the "**Groundwater Contamination**"); and

WHEREAS, the Property or portions thereof may also contain chemicals in soil gas because (a) that portion of the Property described in **Exhibit "A"** is the location of a currently operating gasoline service station; and (b) there are chemicals in groundwater and upgradient groundwater beneath that portion of the Property described in **Exhibit "B"**; and

WHEREAS, in 1999, Covenantor conducted an investigation under the oversight of, and accepted by, the USEPA, the Regional Board, and the California Department of Toxic Substances Control (collectively, the "**Regulatory Agencies**"), which investigation, described in a report entitled Site Assessment Report for Candidate Carve-Out Lands (ERM-West 2001), concluded that the Property is not a source of the Groundwater Contamination and all known sources of the Groundwater Contamination are outside the area of the Property, and the Regulatory Agencies accepted said report; and

WHEREAS, in order to protect present and future public health and safety and the environment, and in order to facilitate further investigation, monitoring, and remediation of the Groundwater Contamination, while maximizing the potential for development and use of the Property for industrial and commercial purposes, the Parties have agreed to impose upon the Property certain covenants and restrictions, including access rights, subject to various limitations and conditions designed to facilitate development and use of the Property, all as set forth in this Declaration, all of which covenants, restrictions, limitations, and conditions are intended to be, and shall be, binding on successors in title to the Property as covenants running with the land; and

WHEREAS, pursuant to California Civil Code section 1471, and under the circumstances described in the foregoing recitals, Covenantor has the right and power to impose upon its title to the Property, for the benefit of, and to be enforceable by, Covenantees and Coventantor, and to

be binding upon Covenantor and its successors and assigns, covenants related to said Groundwater Contamination, including covenants to do, or refrain from doing, acts upon the Property as specified in this Declaration, and the Parties intend this Declaration to be executed, delivered, and recorded in the Official Records in compliance with the requirements of, and pursuant to, said section 1471;

NOW, THEREFORE:

ARTICLE I
DEVELOPMENT, USE, AND CONVEYANCE
OF THE PROPERTY

1.1 Consideration and Declaration. In consideration for removal of the Property from the Site, and in consideration for the modifications of the PCD and Paragraph 11, all as set forth above, Covenantor does hereby declare and covenant that:

(a) Subject to all of the terms and conditions set forth in this Declaration, the Property shall be subject to the Environmental Restrictions (defined below) and Covenantants' Right of Access (defined below), and Covenantor does give, grant, and convey to Covenantants and reserve unto itself the perpetual right to enforce said Environmental Restrictions and Covenantants' Right of Access as beneficiaries thereof; and

(b) The Property and every portion thereof shall be improved, held, used, occupied, leased, sold, hypothecated, encumbered, and/or conveyed subject to said Environmental Restrictions and Covenantants' Right of Access.

1.2 Necessity. The Parties agree that the Environmental Restrictions (defined below), Covenantants' Right of Access (defined below), and other provisions of this Declaration are reasonably necessary to protect present and future public health and safety and the environment; to reduce impediments to remediation of the Contaminated Groundwater; to allow remedial measures for the Groundwater Contamination to be studied and implemented; and to avoid potential harm to persons or property that may result from hazardous materials that are found in the Contaminated Groundwater and in soil gas beneath the Property or portions thereof.

1.3 Environmental Restrictions and Covenantants' Right of Access. The following covenants, conditions, and restrictions set forth in subparts (a) through (e) of this section 1.3 (collectively, the "**Environmental Restrictions**") and the following access rights set forth in subpart (f) of this section 1.3 (collectively, the "**Covenantants' Right of Access**") apply to the use of the Property, run with the land, and are binding upon Covenantor and its successors in interest who hold title to all or any portion of the Property (collectively, "**Owners**") and upon those persons entitled by ownership, leasehold, or other legal relationship to the right to possession or occupancy of any portion of the Property (collectively, "**Occupants**"):

(a) No Extraction. No Owners or Occupants of the Property or any portion thereof shall drill, bore, otherwise construct, or use a well for the purpose of extracting water for any use, including, but not limited to, domestic, potable, or industrial uses, unless and until expressly permitted in writing by Covenantor and the Regional Board.

(b) No Recharge. No Owners or Occupants of the Property or any portion thereof shall install, operate, or maintain a recharge or sedimentation control basin that is designed to infiltrate water (a "**Recharge Activity**") unless and until expressly permitted in writing by Covenantor and the Regional Board as follows:

(1) Recharge Waiver Request. For purposes of this section 1.3(b) , the term "**Recharge Waiver Request**" means a written application signed by an Owner or Occupant or its authorized agent or contractor that sets forth (A) the legal description and, if available, street address of the affected portion of the Property; (B) the name, mailing address, telephone number, and other pertinent information about the Owner of that portion, all persons holding mortgages, deeds of trust, or other monetary encumbrances upon that portion, and the contractor or contractors, if any, expected to conduct the Recharge Activity; (C) a detailed description of the nature (including projected infiltration rate) and period of the proposed Recharge Activity; and (D) such other pertinent information as Covenantor and/or the Regional Board shall request; and

(2) Review of Requests. Upon receipt of a Recharge Waiver Request, Covenantor and the Regional Board shall consider such Recharge Waiver Request and issue their written approvals or denials thereof, which approvals, if issued, may include appropriate conditions subject to which the proposed Recharge Activity shall be conducted. Approval shall be granted for any Recharge Activity that does not interfere with, or adversely impact, remediation of the Groundwater Contamination and is otherwise undertaken in accordance with applicable law.

(c) No Injection. No Owners or Occupants of the Property or any portion thereof shall install, operate, or maintain any injection wells for any use unless and until expressly permitted in writing by Covenantor and the Regional Board.

(d) Excavations. No Owners or Occupants of any portion of the Property shall conduct sustained extraction of the groundwater that is encountered during excavations for the construction of buildings or other improvements ("**Construction Dewatering**") unless and until expressly permitted in writing by Covenantor and the Regional Board as follows:

(1) Request for Approval of Construction Dewatering. For purposes of this section 1.3(d) , the term "**Request for Approval of Construction Dewatering**" means a written application signed by an Owner or Occupant or its authorized agent or contractor that sets forth (A) the legal description and, if available, street address of the affected portion of the Property; (B) the name, mailing address, telephone number, and other pertinent information about the Owner of that portion, all persons holding mortgages, deeds of trust, or other monetary encumbrances upon that portion, and the contractor or contractors, if any, expected to conduct the Construction Dewatering; (C) the plans and specifications for the proposed Construction Dewatering, including, but not limited to, the projected start and completion dates for the proposed Construction Dewatering; and (D) such other pertinent information as Covenantor and/or the Regional Board shall request; and

(2) Review of Requests. Upon receipt of a Request for Approval of Construction Dewatering, Covenantor and the Regional Board shall consider such Request for Approval of Construction Dewatering and issue their written approvals or denials therefor, which approvals, if issued, may include appropriate conditions subject to which the proposed Construction Dewatering shall be conducted. Approval shall be granted for any Construction Dewatering that does not interfere with, or adversely impact, remediation of the Groundwater Contamination and is otherwise undertaken in accordance with applicable law.

(e) Development Restrictions. The following development restrictions apply to the Property and to every portion thereof:

(1) Owners and Occupants shall use only poured concrete slabs constructed in compliance with applicable building codes for all buildings, unless a different type of foundation is expressly permitted in writing by Covenantor and the Regional Board;

(2) Development of the Property shall be restricted to industrial, commercial, and office space;

(3) No residence for human habitation shall be permitted on the Property;

(4) No hospitals shall be permitted on the Property;

(5) No schools for persons under twenty-one (21) years of age shall be permitted on the Property;

(6) No day-care centers for children or day-care centers for senior citizens shall be permitted on the Property unless a risk assessment is made respecting the particular day-care center to be developed and such risk assessment is done in accordance with then current USEPA risk assessment guidance and is accepted by Covenantor and Covenantees as adequately showing no unacceptable level of risk; provided that:

(7) Nothing in this section 1.3(e) shall be construed to prohibit commercial or industrial developments or uses, including, but not limited to, manufacturing buildings, warehouses, office buildings, retail stores, shopping centers, motels, hotels, restaurants, recreational facilities, and amenities related thereto.

(f) Covenantees' Right of Access. Subject to future constriction to certain areas of the Property as set forth in section 4.3 of this Declaration, Covenantor hereby grants to Covenantees a right of access ("Covenantees' Right of Access") to the Property, at all reasonable times, for the following purposes only:

(1) Implementing, or overseeing the implementation of, "response actions," as defined in CERCLA, in any "records of decision," as defined in CERCLA, or orders issued by either Covenantee respecting the Groundwater Contamination;

(2) Verifying any data or information respecting Groundwater Contamination submitted to Covenantees or either of them;

(3) Verifying that no action is being taken on the Property respecting the Groundwater Contamination in violation of any of the Environmental Restrictions or any of the other terms of this Declaration or of any federal or California environmental laws or regulations;

(4) Monitoring "response actions," as defined in CERCLA, on the Property respecting Groundwater Contamination and conducting investigations related to the Groundwater Contamination on or near the Property, including, without limitation, sampling of air, water, sediments, soils, and specifically, without limitation, obtaining split or duplicate samples; and

(5) Conducting periodic reviews of the remedial action respecting the Groundwater Contamination, including, but not limited to, reviews required by applicable statutes and/or regulations.

1.4 Reserved Rights of Covenantor. Subject to the rights of Covenantees hereunder, Covenantor hereby reserves unto itself all rights and privileges respecting ownership, use, and development of the Property.

(b) The decision whether or not to grant the termination or modification, what conditions may be attached thereto, and the exact language of the instrument effecting such termination or modification shall be in the discretion of both Covenantor and Covenantees, provided they shall not act arbitrarily or capriciously;

(c) Applications for a termination or modification may be granted only with the consent of both Covenantor and Covenantees, except that any amendment or modification done pursuant to section 4.3(b) of this Declaration may be made with the consent of Covenantor and the Regional Board only and without the consent of the USEPA;

(d) Whenever any such termination or modification is granted, Covenantor and Covenantees shall execute, acknowledge, and deliver an appropriate instrument to effect such termination or modification in form that is recordable in the Official Records, which instrument may be in the form provided by the applicant or in such other form as Covenantor and Covenantees shall determine;

(e) Any such termination or modification shall be effective upon recordation in the Official Records of said instrument as executed and acknowledged by Covenantor and Covenantees, with no other act or documentation required to effect such termination or modification; and

(f) No participation by, or consent from, any Owner or Occupant whose portion or portions of the Property are not directly affected by the termination or modification shall be necessary although Covenantor and/or Covenantees may, at their election, seek and receive information, opinions, or other participation about the proposed termination or modification from or by any or all other Owners or Occupants of the Property or any portion thereof.

3.3 Assignment to the Regional Board. Upon completion of "remedial action" (as that term is defined in CERCLA) respecting the Groundwater Contamination, the Regional Board agrees to accept an assignment of any covenant granted by this Declaration to the USEPA. Any such assignment and acceptance thereof shall be in writing and effective when it is recorded in the Official Records.

3.4 Successive Owners and Occupants. An Owner or Occupant's rights and obligations under this Declaration terminate upon transfer, expiration, or termination of the Owner or Occupant's interest in the Property, except that liability for acts or omissions occurring prior to transfer shall survive. The Owner or Occupant's successor in interest, if any, shall take that interest subject to this Declaration and be bound by the obligations hereunder applicable to Owners and Occupants until a later transfer, expiration, or termination of that interest occurs.

ARTICLE IV SUBDIVISIONS AND BOUNDARY LINE ADJUSTMENTS

4.1 Subdivisions. Concerning subdivisions of all or any portion of the Property:

(a) Approval of Tentative Maps. Except as provided in subpart (e) of this section 4.1, prior to submission to the County of any tentative subdivision map, such map shall be presented to Covenantor and to the Regional Board for their review and written approval of the location, configuration, and size of:

(1) Those portions of the Property shown on such map as designated to serve as permanent roadways to be offered for dedication to the County, including both areas for

vehicular travel and contiguous areas, if any, for meridians and pedestrian sidewalks (collectively, the "**Permanent Roadways**");

(2) Any lots or parcels shown on such map (collectively, "**Well Lots**") on which any wells, pumping stations, equipment, pipelines, and related facilities, designed for the monitoring, extraction, removal, transport, injection, or recharge of groundwater (collectively, the "**Wells, Pipelines, and Related Facilities**") are located; and

(3) All creeks, ditches, and other channels, whether natural or artificial, that drain, are used for the drainage of, or are designed to drain, surface waters (collectively, the "**Creeks and Ditches**") shown on that tentative subdivision map; provided that:

(4) No other parts of any tentative subdivision map shall be subject to such review and approval by Covenantor or the Regional Board;

(b) Submittal to the County. No tentative subdivision map for any portion of the Property shall be submitted to the County for approval unless and until it has been approved in writing by Covenantor and the Regional Board in the manner required by subpart (a) of this section 4.1;

(c) The County's Notice List. The Owner proposing any subdivision of any portion of the Property shall arrange for Covenantor and the Regional Board to be included on all lists maintained by the County of persons to whom the County shall send notices of hearings and other matters concerning the processing of subdivision maps for the Property or any portion thereof;

(d) No Variance on Final Maps. No final subdivision map for any portion of the Property shall be different than its precedent tentative subdivision map as approved by Covenantor and the Regional Board with respect to the location, configuration, or size of Permanent Roadways, Well Lots, if any, and Creeks and Ditches, if any, shown thereon unless Covenantor and the Regional Board have approved in writing such difference;

(e) Further Subdivision. If and when a final subdivision map with respect to any portion of the Property (a "**Subdivided Portion**") is recorded in the Official Records, then, for any further subdivision of that Subdivided Portion, the Owner thereof shall not be required to comply with any of the provisions of this Article IV so long as such further subdivision does not alter the location, configuration, or size of any of the Permanent Roadways, Well Lots, if any, or Creeks and Ditches, if any, located within that Subdivided Portion; and

(f) No Waiver of Rights. Nothing in this section 4.1 or any other provision of this Declaration limits, or shall be construed to limit, in any way, the statutory, administrative, and constitutional rights of Covenantor and Covenantees to participate in any and all public hearings conducted by the County with respect to, and to provide to the County, whether at a hearing or otherwise, any comments or suggestions that Covenantor or the Regional Board may want to offer concerning, any subdivision map for the Property or any portion thereof.

4.2 Boundary Line Adjustments. Concerning boundary line adjustments affecting all or any portion of the Property:

(a) Application of the Subdivision Procedures. If any such boundary line adjustment would alter the location, size, or configuration of any Permanent Roadway, any Well Lot, or any Creeks and Ditches, then that boundary line adjustment shall be deemed to be a subdivision governed by the provisions of section 4.1 of this Declaration. Other boundary line

adjustments are not governed by the provisions of said section 4.1 except that an Owner may, at its option, elect to have any boundary line adjustment governed by the provisions of said section 4.1, which election shall be done in the form of written notice from the Owner addressed to Covenantor and the Regional Board; and

(b) Treated as a Subdivision. Upon the giving of any such written notice, then, for all purposes of this Declaration, Covenantor and Covenantees shall enjoy the rights, powers, and benefits respecting such boundary line adjustment the same as would apply if subdivision maps were being used, including, but not limited to, the following results:

(1) Deemed Lots and Parcels. The reconfigured parcels, as set forth in the boundary line adjustment, shall be deemed Lots and Parcels under the provisions of this Declaration;

(2) Deemed Subdivided Portion. That portion of the Property affected by the boundary line adjustment shall be deemed a Subdivided Portion under the provisions of this Declaration; and

(3) Constriction of Covenantees' Right of Access. The area encumbered by Covenantees' Right of Access shall become constricted as set forth in section 4.3 of this Declaration.

4.3 Effect of Final Subdivision Maps. Notwithstanding the other provisions of this Article IV or any other provision of this Declaration, when and if a final subdivision map respecting any portion of the Property is recorded in the Official Records, then, and from and after such recordation, with respect to that Subdivided Portion:

(a) Constriction of Covenantees' Right of Access. Covenantees' Right of Access shall encumber only, and the burdens thereof shall be confined to, those portions of that Subdivided Portion designated on such final subdivision map as Permanent Roadways and those portions or all of any Well Lot or Well Lots or Creeks and Ditches designated on such final subdivision map, and shall no longer encumber any other part of that Subdivided Portion, including, but not limited to, the other Lots and Parcels located therein; and

(b) Automatic Effect. Such constriction of the areas encumbered by Covenantees' Right of Access shall happen automatically, without the need for any further instrument or document, for that Subdivided Portion, the moment the final subdivision map therefor is recorded in the Official Records. Nonetheless, Covenantor and the Regional Board shall, if requested to do so, confirm such constrictions by executing, acknowledging, and delivering, in form recordable in the Official Records, such instruments and documents as may be reasonably requested to constitute such confirmation, including, but not limited to, an amendment to, or modification of, this Declaration; provided that such request is submitted by the Owner of the Subdivided Portion to Covenantor and the Regional Board either before, or within ninety (90) days after, such final subdivision map is recorded in the Official Records.

4.4 Roadway and Utility Uses. Covenantor and Covenantees agree that:

(a) Definition of Roadway and Utility Uses. Permanent Roadways will be used by and for vehicles and pedestrians to cross the Property and for ingress and egress to, from, and among the Lots and Parcels and public streets adjacent to the Property and for utility lines, including, but not limited to, sewer, telephone, cable television, natural gas, electricity, and water, as well as incidental uses related thereto, such as, but not limited to, traffic signals, manholes, vaults, signs, transformers, pipelines, valves, meters, switches, hydrants, sprinkler controls, conduits, coverings, berms, fences, lighting, landscaping, and related facilities

(collectively, the "**Roadway and Utility Uses**"), regardless when or whether any offers of dedication thereof are accepted by the County; and

(b) Reasonable Accommodation. The Roadway and Utility Uses, whether public or private, shall reasonably accommodate and not unreasonably interfere with, hinder, or impede Covenantees' rights under Covenantees' Right of Access.

4.5 Flexibility Respecting Well and Pipeline Locations. Covenantor and Covenantees anticipate having flexibility in planning for, choosing, and approving sites for Wells, Pipelines, and Related Facilities, and therefore Covenantor has determined, and Covenantees have approved the determination, that such sites, as well as access to and from such sites, can be confined generally, but not necessarily exclusively, to Permanent Roadways, given the quantity of area for Permanent Roadways expected by the Parties to be set forth on subdivision maps of portions of the Property; and that the Parties will be able to maximize the number of Wells, Pipelines, and Related Facilities positioned entirely within the Permanent Roadways, and to minimize (possibly to zero) the number of Wells, Pipelines, and Related Facilities that encumber any Lot or Parcel.

ARTICLE V MISCELLANEOUS PROVISIONS

5.1 Recitals of Facts and Representations. Each of the Parties hereby represents and warrants that it knows of nothing indicating that any of the statements of fact set forth in the "Whereas" clauses at the beginning of this Declaration (which are incorporated herein by this reference) is false, incomplete, or misleading as written and believes that all of said statements of fact are accurate, complete, and not misleading as written.

5.2 Municipal Incorporation. If all or any portion of the Property becomes incorporated as a city or becomes annexed to a city, then, and from and after such date of incorporation or annexation, all references in this Declaration to "the County" with respect to Subdivision Maps, offers of dedication of Permanent Roadways, and other matters shall be deemed to be references to such city.

5.3 Covenants Running with the Land. The provisions of section 2.4 are personal covenants burdening Covenantor personally, and benefitting Covenantees personally, and are not intended, and shall not be, covenants running with the land. All of the other terms and conditions set forth in this Declaration, including, but not limited to, the Environmental Restrictions and Covenantees' Right of Access:

(a) Are intended to be covenants running with the land that shall be binding upon the Owners and Occupants, as Covenantor's successors in title, pursuant to section 1471 of the California Civil Code; and

(b) Shall, pursuant to said section 1471, run with the land, pass with each and every portion of the Property, and apply to and bind the respective successors in interest thereof, for the benefit of Covenantees and Covenantor personally, and not as owners of any other land.

5.4 Concurrence of Owners and Occupants Presumed. All Owners and Occupants shall be deemed by their purchase, leasing, or possession of any portion of the Property to be in accord with all of the provisions of this Declaration and to agree that the terms and conditions of this Declaration, including, but not limited to, the Environmental Restrictions and Covenantees' Right of Access, must be adhered to, for the benefit of Covenantees and Covenantor, and that the interests of the Owners and Occupants shall be subject to all of the terms and conditions of this Declaration, including, but not limited to, the Environmental Restrictions and Covenantees'

Right of Access contained herein, regardless whether a copy of this Declaration has been referenced in, or incorporated into, any given deed, lease, or other instrument of transfer or conveyance.

5.5 No Admission of Responsibility for Ground Water Contamination. Nothing in this Declaration shall be construed: (a) to impose upon Covenantor, or to constitute an assumption by Covenantor of, any responsibility for the characterization, analysis, monitoring, or clean-up of the Groundwater Contamination; or (b) as an admission or acknowledgment that Covenantor is a person responsible for such characterization, analysis, monitoring, or clean-up of the Groundwater Contamination.

5.6 No Waiver of Statutory Rights. Nothing in this Declaration shall be construed as a waiver of, or as imposing any limitation or condition upon exercise of, and the Parties do not intend hereby to waive, any rights of Covenantees or either of them under any federal, state, local, or common law, including, but not limited to, CERCLA, the California Health and Safety Code, and the California Water Code, which unwaived rights include, but are not limited to, rights of access to properties when and where the statutory and regulatory conditions to exercise thereof have been satisfied.

5.7 Severability of Provisions. If any provision of this Declaration is unenforceable, it shall be deemed not a part of this Declaration, and the other remaining provisions shall remain fully enforceable and shall be interpreted to accomplish, as closely as may be lawful, the intentions of the Parties as expressed by the entirety of this Declaration.

5.8 No Dedication Intended. No gift or public dedication or right of access or use by the general public of or to any portion of the Property is intended to be offered, conveyed, or declared by this Declaration, and this Declaration does not offer, convey, or declare any such gift or public dedication or right of access or use by the general public.

5.9 Notices. Whenever any person gives or serves any written notice, demand, or other communication with respect to this Declaration, each such notice, demand, or other communications shall be deemed effective (a) when delivered, if personally delivered to the person being served, whether or not that person is an official of a governmental agency; or (b) three (3) business days after deposit in the mail if mailed by the United States mail, postage paid certified, return receipt requested:

If to: "Covenantor"
Aerojet-General Corporation
Post Office Box 13222
Sacramento, California 95813
Attn: Director of Real Estate

If to: "Regional Board"
Aerojet Project Manager
Regional Water Quality Control Board
3443 Routier Road, Suite A
Sacramento, California 95827-3003

If to: "USEPA"
Aerojet Project Manager
United States Environmental Protection Agency
Region IX, Superfund
75 Hawthorne Street
San Francisco, California 94105

5.10 Recordation. This Declaration shall be recorded by Covenantor in the Official Records within ten (10) days of the date of execution hereof, and after such recordation, Covenantor shall deliver to each of the Covenantees a copy of this Declaration showing the recording information inserted by the County Recorder in the upper right-hand corner of the first page hereof.

5.11 Code References. All references to sections in any California or United States code or statute include successor provisions.

5.12 Interests of Covenantees. Notwithstanding any other provision of this Declaration, nothing in this Declaration shall be construed as granting or conveying, and the Parties do not intend to have any provision of this Declaration grant or convey, to Covenantees or either of them title to, or any real estate interest in, the Property or any portion thereof, except the benefit and burden, if any, of the Environmental Restrictions and the Covenantees' Right of Access, and the other covenants and provisions set forth in this Declaration that are applicable to Covenantees, all as covenants running with the land as set forth in this Declaration.

5.13 Controlling Law. The interpretation and performance of this Declaration shall be governed by applicable laws of the United States and of California.

5.14 Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Declaration shall be liberally construed to accomplish the purposes of the Parties as set forth herein.

5.15 Entire Agreement. This Declaration sets forth the entire agreement of the Parties with respect to the rights and obligations created or set forth herein and supersedes all prior discussions, negotiations, understandings, and agreements relating thereto, all of which are merged herein.

5.16 No Forfeiture. Nothing contained in this Declaration shall be construed to result in a forfeiture or reversion of Covenantor's title to the Property in any respect.

5.17 Captions and Headings. The captions and headings in this Declaration have been inserted solely for convenience of reference and are not part of this Declaration and shall have no effect upon construction or interpretations.

5.18 Counterparts. The Parties may execute this Declaration in two (2) or more counterparts, which shall, in the aggregate, be signed by all Parties; each counterpart shall be deemed an original of this Declaration as against any Party who has signed it. In the event of any disparity between counterparts produced, the counterpart recorded in the Official Records shall be controlling.

IN WITNESS WHEREOF, the Parties execute this Declaration as of the dates set forthwith their signatures below, and this Declaration is effective as of the date it is recorded in the Official Records.

Covenantor: Aerojet-General Corporation

By: _____

Title: _____

Date: _____

Covenantee: State of California
Regional Water Quality Control Board,
Central Valley Region

By: _____
Gary M. Carlton

Title: Executive Officer

Date: _____

Covenantee: U.S. Environmental Protection Agency, on
behalf of the United States of America

Pursuant to the PCD and in accordance with section 104(j) of CERCLA, as amended, the Regional Administrator, Region IX, of the United States Environmental Protection Agency agrees to and accepts this Declaration.

By: _____

Title: _____

Date: _____

STATE OF _____)
COUNTY OF _____)

ss.

On _____, 200__, before me, _____, a Notary Public
personally appeared _____,
personally known to me, or proved to me on the basis of satisfactory evidence, to be the
person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s)
acted, executed the instrument.

WITNESS my hand and official seal.

(Seal)

Signature of Notary

STATE OF _____)
COUNTY OF _____)

ss.

On _____, 200__, before me, _____, a Notary Public
personally appeared _____,
personally known to me, or proved to me on the basis of satisfactory evidence, to be the
person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s)
acted, executed the instrument.

WITNESS my hand and official seal.

(Seal)

Signature of Notary

EXHIBIT "A"

(Description of Gas Station Site)

[The Parties agree that use of a legal description of the Gas Station Site based upon an accurate survey is their preference for this Exhibit "A." If, instead, a map is attached as this Exhibit "A," the Parties agree that such map was generated based upon technical reports and data that are adequate to form the basis upon which such a survey may be done and such a legal description written. When any such survey is completed, the legal description or descriptions created thereby shall be substituted for such map, whether before or after recordation of this Declaration in the Official Records.]

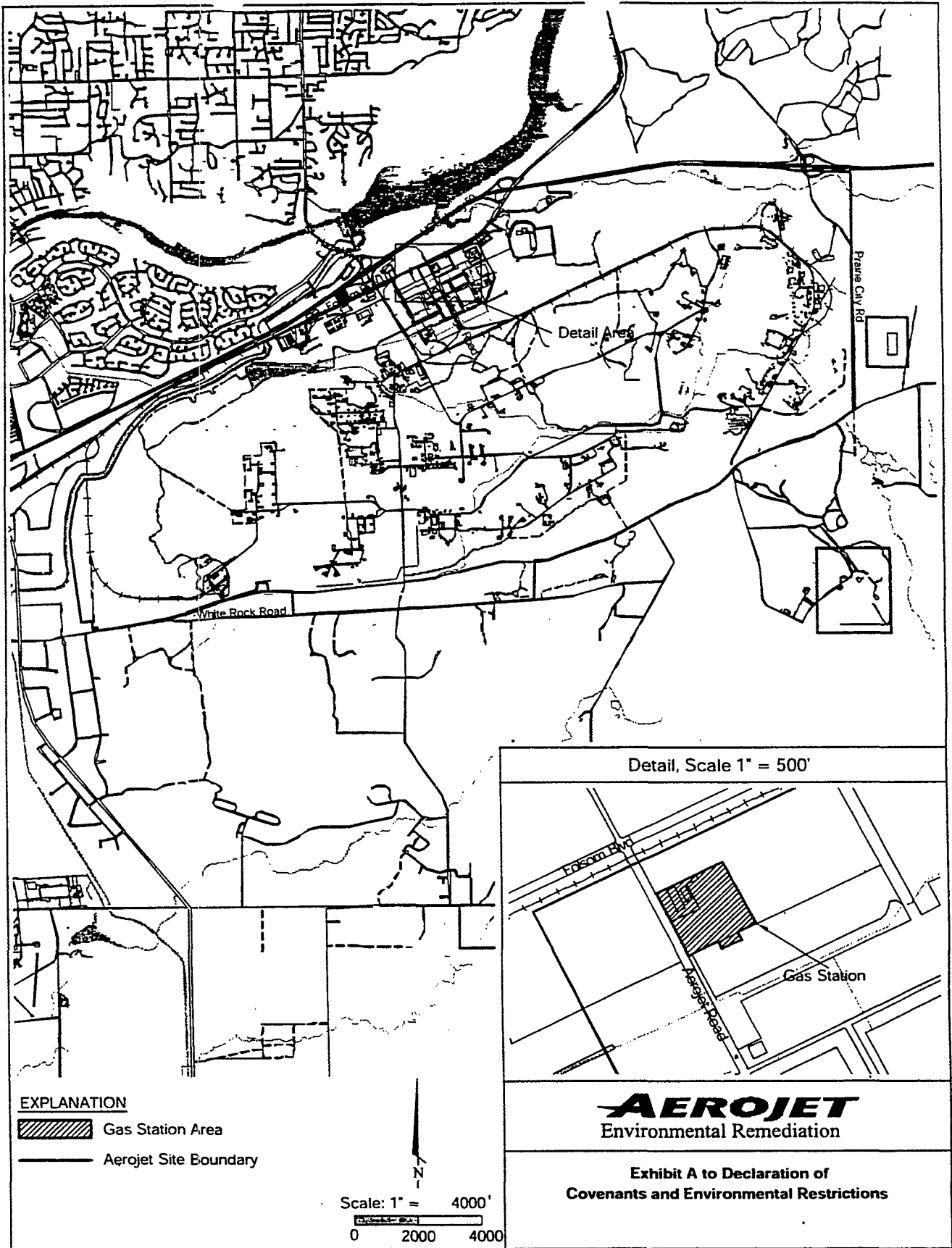
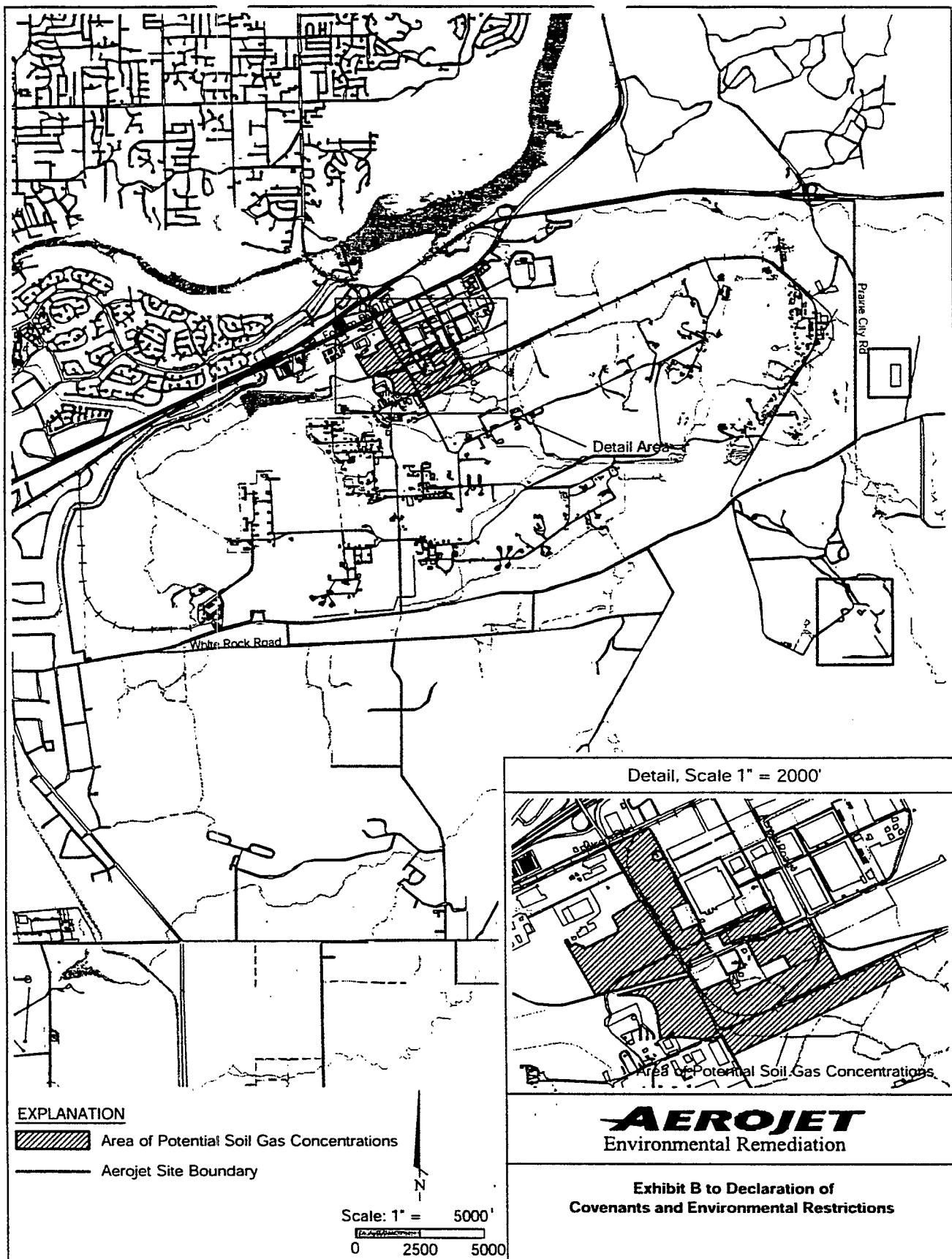



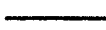
EXHIBIT "B"

(Description of Lands with Possible Soil Gas Contamination)

[The Parties agree that use of a legal description of the Lands with Possible Soil Gas Contamination based upon an accurate survey is their preference for this Exhibit "B." If, instead, a map is attached as this Exhibit "B," the Parties agree that such map was generated based upon technical reports and data that are adequate to form the basis upon which such a survey may be done and such a legal description written. When any such survey is completed, the legal description or descriptions created thereby shall be substituted for such map, whether before or after recordation of this Declaration in the Official Records.]



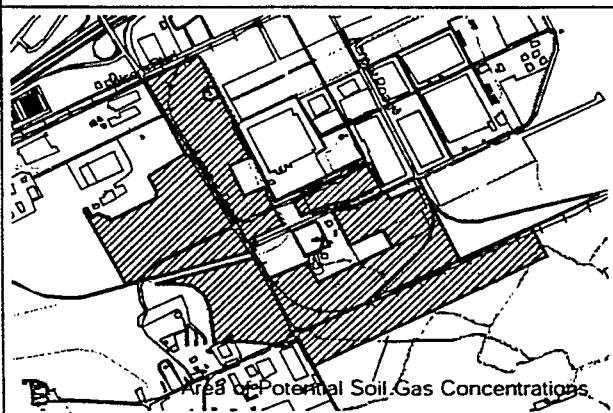
EXPLANATION

-  Area of Potential Soil Gas Concentrations
-  Aerojet Site Boundary

Scale: 1" = 5000'

0 2500 5000

Detail, Scale 1" = 2000'



AEROJET
Environmental Remediation

**Exhibit B to Declaration of
Covenants and Environmental Restrictions**



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

September 17, 2001

Chris W. Conley
Vice President, Environmental Health and Safety
Aerojet-General Corporation
P.O. Box 537012
Sacramento, California 95853-7012

Dear Mr. Conley:

The Aerojet facility in Sacramento County, California was listed by the U.S. Environmental Protection Agency (EPA) as part of the Superfund National Priorities List (NPL) on September 8, 1983. Pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), and implementing regulations and policies, the Aerojet NPL Site is defined as those areas where hazardous substances have been released or have come to be located, and areas in close proximity that are needed for cleanup activities (e.g., to locate groundwater wells or treatment facilities). In June of 1989, a Partial Consent Decree was entered requiring Aerojet, among other things, to perform a Remedial Investigation/Feasibility Study (RI/FS) on the entire eight thousand five hundred (8,500)-acre facility. EPA Region 9 and the State of California are currently overseeing Aerojet's RI/FS activities.

Aerojet representatives have requested that EPA consider delisting lands that Aerojet intends to develop from the Aerojet NPL Site. This letter responds to that request. Based upon Aerojet's investigations performed pursuant to a workplan approved by EPA and the State of California, and subject to declarations of covenants and environmental restrictions to be recorded in the Official Records of Sacramento County, California, EPA does not consider the areas in Exhibit A attached hereto to be part of the Aerojet Site, except for contaminated groundwater and associated contaminated media beneath the surface of these areas (the "Carve-Out Lands"). With regard to the sale of any interest in the Carve-Out Lands or any portion thereof, Aerojet and its buyers should be aware that EPA generally will not take enforcement actions against or seek cost recovery from owners of property containing contaminated groundwater that have not contributed to or exacerbated groundwater contamination. Please refer to the EPA policy entitled "Policy Towards Owners of Property Containing Contaminated Aquifers," (July 3, 1995) 60 Fed. Reg. 34790. Prospective purchasers acquiring these properties may be entitled to the benefits of this policy. The clarification of the Aerojet Site's boundaries does not, of course, affect the liability of responsible parties, or impede efforts by EPA or the State of California to require or take response actions not inconsistent with the National Contingency Plan or to recover costs associated with response efforts under CERCLA.

Based on the investigations of the Carve-Out Lands and consideration of anticipated groundwater cleanup plans, the EPA and the State of California have agreed to seek to modify

the Partial Consent Decree, removing the Carve-Out Lands from the definition of the Aerojet NPL Site contained in the Partial Consent Decree and dividing up the Site into operable units for purposes of performing the RI/FS. This modification to the Partial Consent Decree is subject to public comment and entry by the Court.

Effective upon court entry of said modification to the Partial Consent Decree, EPA will no longer consider the Carve-Out Lands to be part of the Aerojet NPL Site. Moreover, EPA will update its NPL database to reflect the fact that EPA does not consider the Carve-Out Lands to be part of the Aerojet NPL Site, and future references to the Aerojet NPL Site by EPA will not include the Carve-Out Lands. EPA will also issue a Fact Sheet clarifying the boundaries of the Aerojet NPL Site, which will include all contaminated areas, but will not include areas that have not been impacted by hazardous substance releases.

Should your legal counsel have further questions regarding this matter, he or she may contact Thelma Estrada of our Office of Regional Counsel at (415) 744-1386.

Very truly yours,

A handwritten signature in black ink, appearing to read "John Kemmerer", written over a horizontal line.

John Kemmerer
Chief, Site Cleanup Branch
Superfund Division

Recording Requested By:

Aerojet-General Corporation

When Recorded, Mail To:

William S. Hunter
Hunter Richey Di Benedetto & Eisenbeis, LLP
Renaissance Tower
801 "K" Street, 23rd Floor
Sacramento, CA 95814

(Space above this line reserved for County Recorder's use.)

Assessor Parcel Number(s):

**DECLARATION OF COVENANTS AND
ENVIRONMENTAL RESTRICTIONS RELATED TO GROUNDWATER**

This Declaration of Covenants and Environmental Restrictions Related to Groundwater (this "**Declaration**") is dated, for reference purposes, as of the 19th day of June, 2001, and is executed, on the dates set forth with the signatures below, by and among Aerojet-General Corporation ("**Covenantor**"), the California Regional Water Quality Control Board for the Central Valley Region (the "**Regional Board**"), and the United States of America and its assigns (the Regional Board and the United States of America, collectively, "**Covenantees**") (Covenantor and Covenantees, collectively, the "**Parties**").

WITNESSETH:

WHEREAS, Covenantor owns real property situated in the unincorporated area of Sacramento County (the "**County**"), California more fully described in **Exhibit "A"** attached hereto and incorporated herein by this reference (excluding all interests in contaminated groundwater and associated contaminated media beneath the surface of said real property, the "**Property**"); and

WHEREAS, the Property was part of the Aerojet Superfund Site (the "**Site**"), which the U.S. Environmental Protection Agency (the "**USEPA**"), pursuant to section 105 of the Comprehensive Environmental Response, Compensation and Liability Act ("**CERCLA**"), 42 U.S.C. section 9605, placed on the National Priorities List (the "**NPL**"), set forth at 40 C.F.R. Part 300, by publication in the Federal Register on September 8, 1983; and

recorded in the Official Records in compliance with the requirements of, and pursuant to, said section 1471;

NOW, THEREFORE:

ARTICLE I
DEVELOPMENT, USE, AND CONVEYANCE
OF THE PROPERTY

1.1 Consideration and Declaration. In consideration for removal of the Property from the Site, and in consideration for the modifications of the PCD and Paragraph 11, all as set forth above, Covenantor does hereby declare and covenant that:

(a) Subject to all of the terms and conditions set forth in this Declaration, the Property shall be subject to the Environmental Restrictions (defined below) and Covenantants' Right of Access (defined below), and Covenantor does give, grant, and convey to Covenantants and reserve unto itself the perpetual right to enforce said Environmental Restrictions and Covenantants' Right of Access as beneficiaries thereof; and

(b) The Property and every portion thereof shall be improved, held, used, occupied, leased, sold, hypothecated, encumbered, and/or conveyed subject to said Environmental Restrictions and Covenantants' Right of Access.

1.2 Necessity. The Parties agree that the Environmental Restrictions (defined below), Covenantants' Right of Access (defined below), and other provisions of this Declaration are reasonably necessary to protect present and future public health and safety and the environment; to reduce impediments to remediation of the Contaminated Groundwater; to allow remedial measures for the Groundwater Contamination to be studied and implemented; and to avoid potential harm to persons or property that may result from hazardous materials that are found in the Contaminated Groundwater.

1.3 Environmental Restrictions and Covenantants' Right of Access. The following covenants, conditions, and restrictions set forth in subparts (a) through (d) of this section 1.3 (collectively, the "**Environmental Restrictions**") and the following access rights set forth in subpart (e) of this section 1.3 (collectively, the "**Covenantants' Right of Access**") apply to the use of the Property, run with the land, and are binding upon Covenantor and its successors in interest who hold title to all or any portion of the Property (collectively, "**Owners**") and upon those persons entitled by ownership, leasehold, or other legal relationship to the right to possession or occupancy of any portion of the Property (collectively, "**Occupants**"):

(a) No Extraction. No Owners or Occupants of the Property or any portion thereof shall drill, bore, otherwise construct, or use a well for the purpose of extracting water for any use, including, but not limited to, domestic, potable, or industrial uses, unless and until expressly permitted in writing by Covenantor and the Regional Board.

(b) No Recharge. No Owners or Occupants of the Property or any portion thereof shall install, operate, or maintain a recharge or sedimentation control basin that is designed to infiltrate water (a "**Recharge Activity**") unless and until expressly permitted in writing by Covenantor and the Regional Board as follows:

(1) Recharge Waiver Request. For purposes of this section 1.3(b), the term "**Recharge Waiver Request**" means a written application signed by an Owner or Occupant or its authorized agent or contractor that sets forth (A) the legal description and, if available, street address of the affected portion of the Property; (B) the name, mailing address, telephone number,

and other pertinent information about the Owner of that portion, all persons holding mortgages, deeds of trust, or other monetary encumbrances upon that portion, and the contractor or contractors, if any, expected to conduct the Recharge Activity; (C) a detailed description of the nature (including projected infiltration rate) and period of the proposed Recharge Activity; and (D) such other pertinent information as Covenantor and/or the Regional Board shall request; and

(2) Review of Requests. Upon receipt of a Recharge Waiver Request, Covenantor and the Regional Board shall consider such Recharge Waiver Request and issue their written approvals or denials thereof, which approvals, if issued, may include appropriate conditions subject to which the proposed Recharge Activity shall be conducted. Approval shall be granted for any Recharge Activity that does not interfere with, or adversely impact, remediation of the Groundwater Contamination and is otherwise undertaken in accordance with applicable law.

(c) No Injection. No Owners or Occupants of the Property or any portion thereof shall install, operate, or maintain any injection wells for any use unless and until expressly permitted in writing by Covenantor and the Regional Board.

(d) Excavations. No Owners or Occupants of any portion of the Property shall conduct sustained extraction of the groundwater that is encountered during excavations for the construction of buildings or other improvements ("**Construction Dewatering**") unless and until expressly permitted in writing by Covenantor and the Regional Board as follows:

(1) Request for Approval of Construction Dewatering. For purposes of this section 1.3(d), the term "**Request for Approval of Construction Dewatering**" means a written application signed by an Owner or Occupant or its authorized agent or contractor that sets forth (A) the legal description and, if available, street address of the affected portion of the Property; (B) the name, mailing address, telephone number, and other pertinent information about the Owner of that portion, all persons holding mortgages, deeds of trust, or other monetary encumbrances upon that portion, and the contractor or contractors, if any, expected to conduct the Construction Dewatering; (C) the plans and specifications for the proposed Construction Dewatering, including, but not limited to, the projected start and completion dates for the proposed Construction Dewatering; and (D) such other pertinent information as Covenantor and/or the Regional Board shall request; and

(2) Review of Requests. Upon receipt of a Request for Approval of Construction Dewatering, Covenantor and the Regional Board shall consider such Request for Approval of Construction Dewatering and issue their written approvals or denials thereof, which approvals, if issued, may include appropriate conditions subject to which the proposed Construction Dewatering shall be conducted. Approval shall be granted for any Construction Dewatering that does not interfere with, or adversely impact, remediation of the Groundwater Contamination and is otherwise undertaken in accordance with applicable law.

(e) Covenantees' Right of Access. Subject to future constriction to certain areas of the Property as set forth in section 4.3 of this Declaration, Covenantor hereby grants to Covenantees a right of access ("**Covenantees' Right of Access**") to the Property, at all reasonable times, for the following purposes only:

(1) Implementing, or overseeing the implementation of, "response actions," as defined in CERCLA, in any "records of decision," as defined in CERCLA, or orders issued by either Covenantee respecting the Groundwater Contamination;

(2) Verifying any data or information respecting Groundwater Contamination submitted to Covenantees or either of them;

ARTICLE III

DURATION, TERMINATIONS, MODIFICATIONS,
ASSIGNMENTS, AND TRANSFERS

3.1 Duration. Unless terminated in accordance with the provisions of this Article III, Environmental Restrictions and Covenantees' Right of Access shall continue in perpetuity.

3.2 Terminations and Modifications. Any Owner or, with the Owners's written consent, any Occupant may apply in writing to Covenantor and to Covenantees for a termination or modification of all or some portion of the Environmental Restrictions and/or Covenantees' Right of Access as applied to that Owner's portion of the Property as follows:

(a) Any such application shall set forth reasons why the purposes of this Declaration can continue to be accomplished if and when such termination or modification is granted and shall have attached to it a copy of the instrument that the Owner or Occupant wants the Covenantor and Covenantees to execute in order to effect such termination or modification;

(b) The decision whether or not to grant the termination or modification, what conditions may be attached thereto, and the exact language of the instrument effecting such termination or modification shall be in the discretion of both Covenantor and Covenantees, and they shall not act arbitrarily or capriciously;

(c) Applications for a termination or modification may be granted only with the consent of both Covenantor and Covenantees, except that any amendment or modification pursuant to section 4.3(b) of this Declaration may be made with the consent of Covenantor and the Regional Board only and without the consent of the USEPA;

(d) Whenever any such termination or modification is granted, Covenantor and Covenantees shall execute, acknowledge, and deliver an appropriate instrument to effect such termination or modification in form that is recordable in the Official Records, which instrument shall be in the form provided by the applicant or in such other form as Covenantor and Covenantees shall determine;

(e) Any such termination or modification shall be effective upon recordation in the Official Records of said instrument as executed and acknowledged by Covenantor and Covenantees, with no other act or documentation required to effect such termination or modification; and

(f) No participation by, or consent from, any Owner or Occupant whose portions of the Property are not directly affected by the termination or modification is necessary although Covenantor and/or Covenantees may, at their election, seek and obtain information, opinions, or other participation about the proposed termination or modification from or by any or all other Owners or Occupants of the Property or any portion

Assignment to the Regional Board. Upon completion of "remedial action" (as that term is defined in CERCLA) respecting the Groundwater Contamination, the Regional Board shall accept an assignment of any covenant granted by this Declaration to the USEPA. Any assignment and acceptance thereof shall be in writing and effective when it is recorded in the Official Records.

Successive Owners and Occupants. An Owner or Occupant's rights and obligations under this Declaration terminate upon transfer, expiration, or termination of the

shall, if requested to do so, confirm such constrictions by executing, acknowledging, and delivering, in form recordable in the Official Records, such instruments and documents as may be reasonably requested to constitute such confirmation, including, but not limited to, an amendment to, or modification of, this Declaration; provided that such request is submitted by the Owner of the Subdivided Portion to Covenantor and the Regional Board either before, or within ninety (90) days after, such final subdivision map is recorded in the Official Records.

4.4 Roadway and Utility Uses. Covenantor and Covenantees agree that:

(a) Definition of Roadway and Utility Uses. Permanent Roadways will be used by and for vehicles and pedestrians to cross the Property and for ingress and egress to, from, and among the Lots and Parcels and public streets adjacent to the Property and for utility lines, including, but not limited to, sewer, telephone, cable television, natural gas, electricity, and water, as well as incidental uses related thereto, such as, but not limited to, traffic signals, manholes, vaults, signs, transformers, pipelines, valves, meters, switches, hydrants, sprinkler controls, conduits, coverings, berms, fences, lighting, landscaping, and related facilities (collectively, the "**Roadway and Utility Uses**"), regardless when or whether any offers of dedication thereof are accepted by the County; and

(b) Reasonable Accommodation. The Roadway and Utility Uses, whether public or private, shall reasonably accommodate and not unreasonably interfere with, hinder, or impede Covenantees' rights under Covenantees' Right of Access.

4.5 Flexibility Respecting Well and Pipeline Locations. Covenantor and Covenantees anticipate having flexibility in planning for, choosing, and approving sites for Wells, Pipelines, and Related Facilities, and therefore Covenantor has determined, and Covenantees have approved the determination, that such sites, as well as access to and from such sites, can be confined generally, but not necessarily exclusively, to Permanent Roadways, given the quantity of area for Permanent Roadways expected by the Parties to be set forth on subdivision maps of portions of the Property; and that the Parties will be able to maximize the number of Wells, Pipelines, and Related Facilities positioned entirely within the Permanent Roadways, and to minimize (possibly to zero) the number of Wells, Pipelines, and Related Facilities that encumber any Lot or Parcel.

ARTICLE V
MISCELLANEOUS PROVISIONS

5.1 Recitals of Facts and Representations. Each of the Parties hereby represents and warrants that it knows of nothing indicating that any of the statements of fact set forth in the "Whereas" clauses at the beginning of this Declaration (which are incorporated herein by this reference) is false, incomplete, or misleading as written and believes that all of said statements of fact are accurate, complete, and not misleading as written.

5.2 Municipal Incorporation. If all or any portion of the Property becomes incorporated as a city or becomes annexed to a city, then, and from and after such date of incorporation or annexation, all references in this Declaration to "the County" with respect to Subdivision Maps, offers of dedication of Permanent Roadways, and other matters shall be deemed to be references to such city.

5.3 Covenants Running with the Land. The provisions of section 2.4 are personal covenants burdening Covenantor personally, and benefitting Covenantees personally, and are not intended, and shall not be, covenants running with the land. All of the other terms and conditions set forth in this Declaration, including, but not limited to, the Environmental Restrictions and Covenantees' Right of Access:

(a) Are intended to be covenants running with the land that shall be binding upon the Owners and Occupants, as Covenantor's successors in title, pursuant to section 1471 of the California Civil Code; and

(b) Shall, pursuant to said section 1471, run with the land, pass with each and every portion of the Property, and apply to and bind the respective successors in interest thereof, for the benefit of Covenantees and Covenantor personally, and not as owners of any other land.

5.4 Concurrence of Owners and Occupants Presumed. All Owners and Occupants shall be deemed by their purchase, leasing, or possession of any portion of the Property to be in accord with all of the provisions of this Declaration and to agree that the terms and conditions of this Declaration, including, but not limited to, the Environmental Restrictions and Covenantees' Right of Access, must be adhered to, for the benefit of Covenantees and Covenantor, and that the interests of the Owners and Occupants shall be subject to all of the terms and conditions of this Declaration, including, but not limited to, the Environmental Restrictions and Covenantees' Right of Access contained herein, regardless whether a copy of this Declaration has been referenced in, or incorporated into, any given deed, lease, or other instrument of transfer or conveyance.

5.5 No Admission of Responsibility for Ground Water Contamination. Nothing in this Declaration shall be construed: (a) to impose upon Covenantor, or to constitute an assumption by Covenantor of, any responsibility for the characterization, analysis, monitoring, or clean-up of the Groundwater Contamination; or (b) as an admission or acknowledgment that Covenantor is a person responsible for such characterization, analysis, monitoring, or clean-up of the Groundwater Contamination.

5.6 No Waiver of Statutory Rights. Nothing in this Declaration shall be construed as a waiver of, or as imposing any limitation or condition upon exercise of, and the Parties do not intend hereby to waive, any rights of Covenantees or either of them under any federal, state, local, or common law, including, but not limited to, CERCLA, the California Health and Safety Code, and the California Water Code, which unwaived rights include, but are not limited to, rights of access to properties when and where the statutory and regulatory conditions to exercise thereof have been satisfied.

5.7 Severability of Provisions. If any provision of this Declaration is unenforceable, it shall be deemed not a part of this Declaration, and the other remaining provisions shall remain fully enforceable and shall be interpreted to accomplish, as closely as may be lawful, the intentions of the Parties as expressed by the entirety of this Declaration.

5.8 No Dedication Intended. No gift or public dedication or right of access or use by the general public of or to any portion of the Property is intended to be offered, conveyed, or declared by this Declaration, and this Declaration does not offer, convey, or declare any such gift or public dedication or right of access or use by the general public.

5.9 Notices. Whenever any person gives or serves any written notice, demand, or other communication with respect to this Declaration, each such notice, demand, or other communications shall be deemed effective (a) when delivered, if personally delivered to the person being served, whether or not that person is an official of a governmental agency; or (b) three (3) business days after deposit in the mail if mailed by the United States mail, postage paid certified, return receipt requested:

If to: "Covenantor"
Aerojet-General Corporation
Post Office Box 13222
Sacramento, California 95813
Attn: Director of Real Estate

If to: "Regional Board"
Aerojet Project Manager
Regional Water Quality Control Board
3443 Routier Road, Suite A
Sacramento, California 95827-3003

If to: "USEPA"
Aerojet Project Manager
United States Environmental Protection Agency
Region IX, Superfund
75 Hawthorne Street
San Francisco, California 94105

5.10 Recordation. This Declaration shall be recorded by Covenantor in the Official Records within ten (10) days of the date of execution hereof, and after such recordation, Covenantor shall deliver to each of the Covenantees a copy of this Declaration showing the recording information inserted by the County Recorder in the upper right-hand corner of the first page hereof.

5.11 Code References. All references to sections in any California or United States code or statute include successor provisions.

5.12 Interests of Covenantees. Notwithstanding any other provision of this Declaration, nothing in this Declaration shall be construed as granting or conveying, and the Parties do not intend to have any provision of this Declaration grant or convey, to Covenantees or either of them title to, or any real estate interest in, the Property or any portion thereof, except the benefit and burden, if any, of the Environmental Restrictions and the Covenantees' Right of Access, and the other covenants and provisions set forth in this Declaration that are applicable to Covenantees, all as covenants running with the land as set forth in this Declaration.

5.13 Controlling Law. The interpretation and performance of this Declaration shall be governed by applicable laws of the United States and of California.

5.14 Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Declaration shall be liberally construed to accomplish the purposes of the Parties as set forth herein.

5.15 Entire Agreement. This Declaration sets forth the entire agreement of the Parties with respect to the rights and obligations created or set forth herein and supersedes all prior discussions, negotiations, understandings, and agreements relating thereto, all of which are merged herein.

5.16 No Forfeiture. Nothing contained in this Declaration shall be construed to result in a forfeiture or reversion of Covenantor's title to the Property in any respect.

5.17 Captions and Headings. The captions and headings in this Declaration have been inserted solely for convenience of reference and are not part of this Declaration and shall have no effect upon construction or interpretations.

5.18 Counterparts. The Parties may execute this Declaration in two (2) or more counterparts, which shall, in the aggregate, be signed by all Parties; each counterpart shall be deemed an original of this Declaration as against any Party who has signed it. In the event of any disparity between counterparts produced, the counterpart recorded in the Official Records shall be controlling.

IN WITNESS WHEREOF, the Parties execute this Declaration as of the dates set forth with their signatures below, and this Declaration is effective as of the date it is recorded in the Official Records.

Covenantor: Aerojet-General Corporation

By: _____

Title: _____

Date: _____

Covenantee: State of California
Regional Water Quality Control Board,
Central Valley Region

By: _____
Gary M. Carlton

Title: Executive Officer

Date: _____

Covenantee: U.S. Environmental Protection Agency, on
behalf of the United States of America

Pursuant to the PCD and in accordance with section 104(j) of CERCLA, as amended, the Regional Administrator, Region IX, of the United States Environmental Protection Agency agrees to and accepts this Declaration.

By: _____

Title: _____

Date: _____

STATE OF _____)
COUNTY OF _____) ss.

On _____, 200__, before me, _____, a Notary Public
personally appeared _____,
personally known to me, or proved to me on the basis of satisfactory evidence, to be the person(s)
whose name(s) is/are subscribed to the within instrument, and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s)
acted, executed the instrument.

WITNESS my hand and official seal.

(Seal)

Signature of Notary

STATE OF _____)
COUNTY OF _____) ss.

On _____, 200__, before me, _____, a Notary Public
personally appeared _____,
personally known to me, or proved to me on the basis of satisfactory evidence, to be the person(s)
whose name(s) is/are subscribed to the within instrument, and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s)
acted, executed the instrument.

WITNESS my hand and official seal.

(Seal)

Signature of Notary

STATE OF _____ }
COUNTY OF _____ } ss.

On _____, 200__, before me, _____, a Notary Public
personally appeared _____,
personally known to me, or proved to me on the basis of satisfactory evidence, to be the person(s)
whose name(s) is/are subscribed to the within instrument, and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s)
acted, executed the instrument.

WITNESS my hand and official seal.

(Seal)

Signature of Notary

STATE OF _____ }
COUNTY OF _____ } -ss.

On _____, 200__, before me, _____, a Notary Public
personally appeared _____,
personally known to me, or proved to me on the basis of satisfactory evidence, to be the person(s)
whose name(s) is/are subscribed to the within instrument, and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s)
acted, executed the instrument.

WITNESS my hand and official seal.

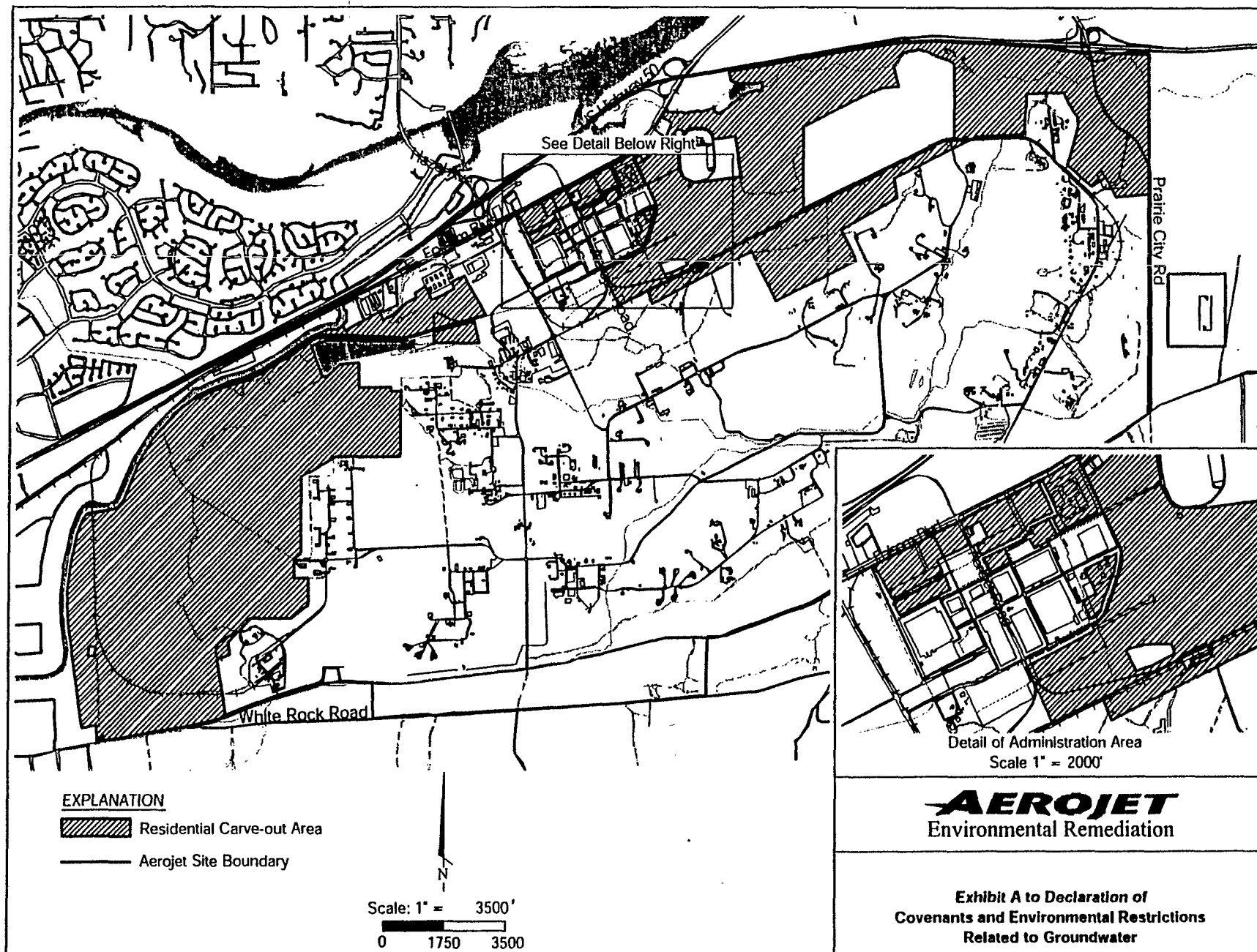
(Seal)

Signature of Notary

EXHIBIT "A"

(Description of the Property)

[The Parties agree that use of a legal description of the Property based upon an accurate survey is their preference for this Exhibit "A." If, instead, a map is attached as this Exhibit "A," the Parties agree that such map was generated based upon technical reports and data that are adequate to form the basis upon which such a survey may be done and such a legal description written. When any such survey is completed, the legal description or descriptions created thereby shall be substituted for such map, whether before or after recordation of this Declaration in the Official Records.]





UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

September 17, 2001

Chris W. Conley
Vice President, Environmental Health and Safety
Aerojet-General Corporation
P.O. Box 537012
Sacramento, California 95853-7012

Dear Mr. Conley:

The Aerojet facility in Sacramento County, California was listed by the U.S. Environmental Protection Agency (EPA) as part of the Superfund National Priorities List (NPL) on September 8, 1983. Pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), and implementing regulations and policies, the Aerojet NPL Site is defined as those areas where hazardous substances have been released or have come to be located, and areas in close proximity that are needed for cleanup activities (e.g., to locate groundwater wells or treatment facilities). In June of 1989, a Partial Consent Decree was entered requiring Aerojet, among other things, to perform a Remedial Investigation/Feasibility Study (RI/FS) on the entire eight thousand five hundred (8,500)-acre facility. EPA Region 9 and the State of California are currently overseeing Aerojet's RI/FS activities.

Aerojet representatives have requested that EPA consider delisting lands that Aerojet intends to develop from the Aerojet NPL Site. This letter responds to that request. Based upon Aerojet's investigations performed pursuant to a workplan approved by EPA and the State of California, and subject to declarations of covenants and environmental restrictions to be recorded in the Official Records of Sacramento County, California, EPA does not consider the areas in Exhibit A attached hereto to be part of the Aerojet Site, except for contaminated groundwater and associated contaminated media beneath the surface of these areas (the "Carve-Out Lands"). With regard to the sale of any interest in the Carve-Out Lands or any portion thereof, Aerojet and its buyers should be aware that EPA generally will not take enforcement actions against or seek cost recovery from owners of property containing contaminated groundwater that have not contributed to or exacerbated groundwater contamination. Please refer to the EPA policy entitled "Policy Towards Owners of Property Containing Contaminated Aquifers," (July 3, 1995) 60 Fed. Reg. 34790. Prospective purchasers acquiring these properties may be entitled to the benefits of this policy. The clarification of the Aerojet Site's boundaries does not, of course, affect the liability of responsible parties, or impede efforts by EPA or the State of California to require or take response actions not inconsistent with the National Contingency Plan or to recover costs associated with response efforts under CERCLA.

Based on the investigations of the Carve-Out Lands and consideration of anticipated groundwater cleanup plans, the EPA and the State of California have agreed to seek to modify

the Partial Consent Decree, removing the Carve-Out Lands from the definition of the Aerojet NPL Site contained in the Partial Consent Decree and dividing up the Site into operable units for purposes of performing the RI/FS. This modification to the Partial Consent Decree is subject to public comment and entry by the Court.

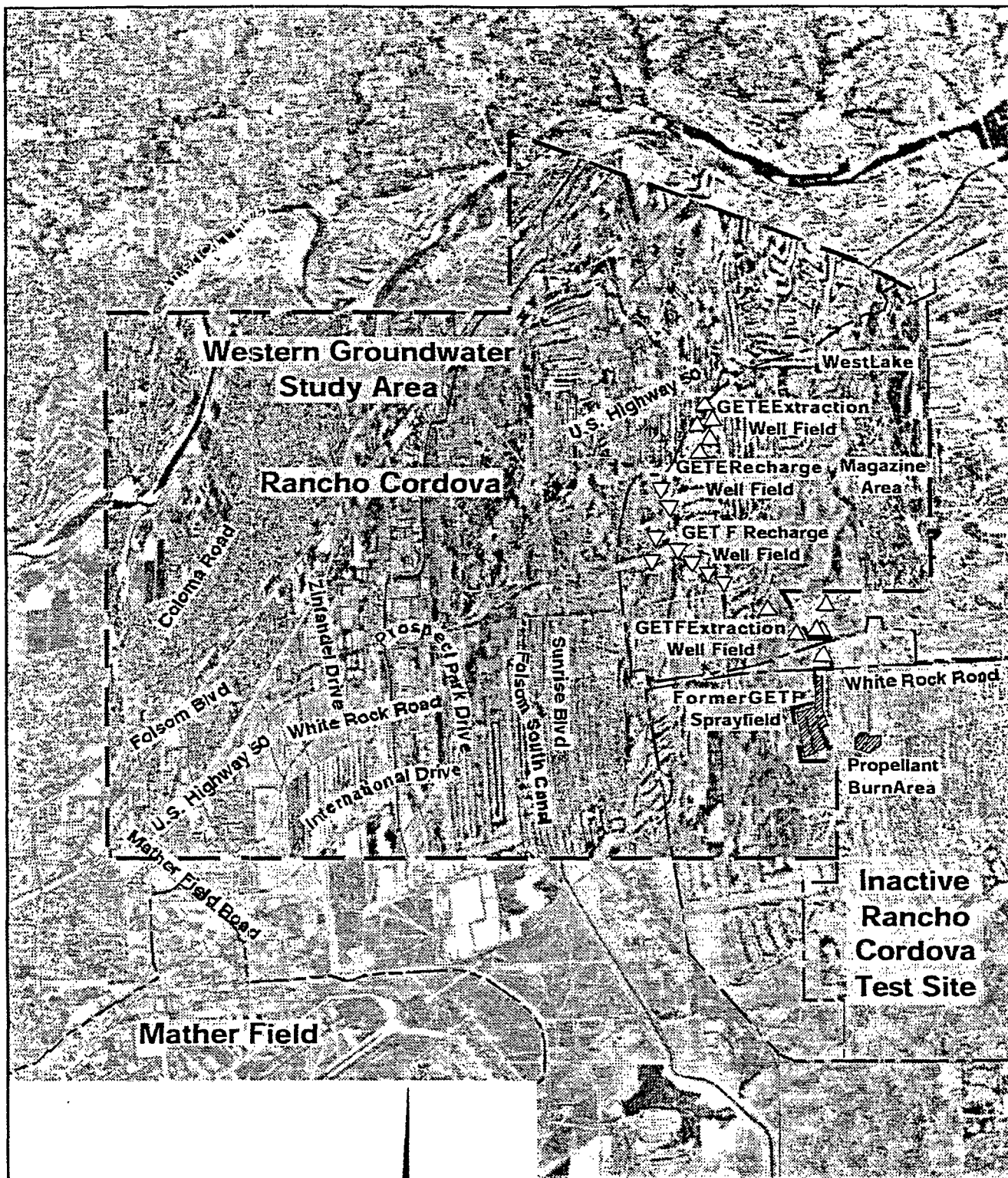
Effective upon court entry of said modification to the Partial Consent Decree, EPA will no longer consider the Carve-Out Lands to be part of the Aerojet NPL Site. Moreover, EPA will update its NPL database to reflect the fact that EPA does not consider the Carve-Out Lands to be part of the Aerojet NPL Site, and future references to the Aerojet NPL Site by EPA will not include the Carve-Out Lands. EPA will also issue a Fact Sheet clarifying the boundaries of the Aerojet NPL Site, which will include all contaminated areas, but will not include areas that have not been impacted by hazardous substance releases.

Should your legal counsel have further questions regarding this matter, he or she may contact Thelma Estrada of our Office of Regional Counsel at (415) 744-1386.

Very truly yours,

A handwritten signature in black ink, appearing to read "John Kemmerer", written over a horizontal line.

John Kemmerer
Chief, Site Cleanup Branch
Superfund Division



EXPLANATION

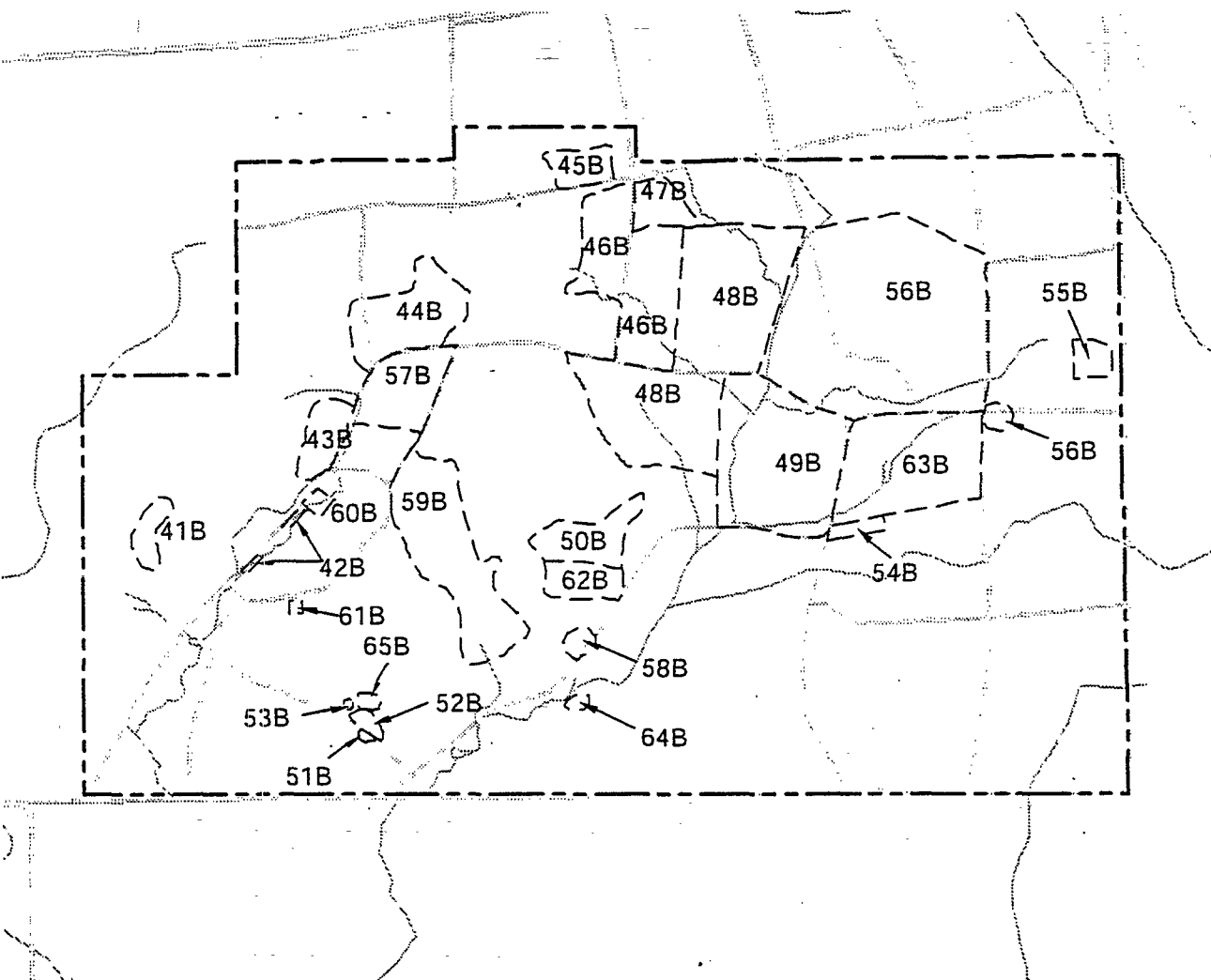
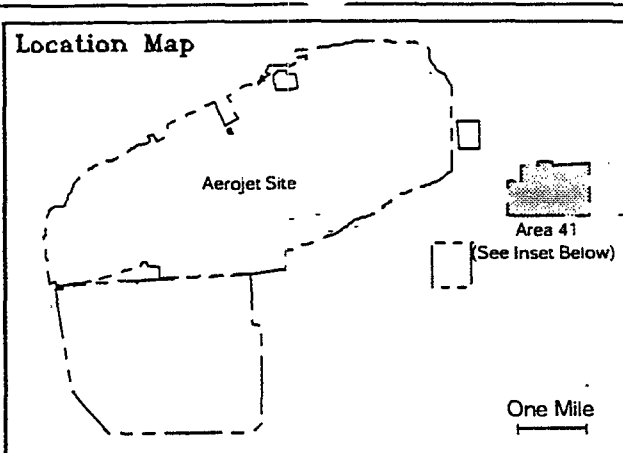
- Western Groundwater Study Area
- - - - Aerojet Property Boundary
- Mather Field Boundary

Scale: 1" = 4000'

0 2000 4000

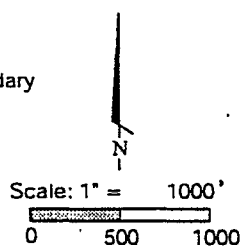
AEROJET
Environmental Remediation

EXHIBIT II-1
Western Groundwater Operable Unit
Study Area



EXPLANATION

46B Source Site Location and Boundary



AEROJET
Environmental Remediation

EXHIBIT II-2
Area 41 Operable Unit Study Area

Recording Requested By:

Aerojet-General Corporation

When Recorded Mail To:

William S. Hunter
Hunter Richey Di Benedetto, LLP
Renaissance Tower
801 "K" Street, 23rd Floor
Sacramento, CA 95814

(Space above this line reserved for County Recorder's use.)

Assessor Parcel Number:

Documentary Transfer Tax:
Calculated upon full value

\$ _____

GRANT DEED

[This Grant Deed serves as a form to be used as Aerojet conveys, from time to time, various portions of the carve-out lands to one or more of its affiliated companies. Any number of conveyances may be made, and they may be recorded at any time after the Declarations are recorded, provided that this form of deed is the only form of deed to be used to effect any such conveyance. Variations shall be made in the exact language used in portions of this form depending upon circumstances. All such permitted variations are noted in bold, bracketed notes such as this one.]

The undersigned, **AEROJET-GENERAL CORPORATION**, an Ohio corporation ("Grantor"), hereby grants to **AEROJET INVESTMENTS, LTD**, a California corporation ("Grantee") [or the Grantee may be some other wholly owned subsidiary of Aerojet or GenCorp.], that certain real property (the "Real Property") located in the unincorporated area of the County of Sacramento (the "County"), State of California, described particularly in **Exhibit "A"** attached hereto and incorporated herein by this reference, with the following exceptions, reservations, notices, restrictions, covenants, and easements:

A. EXCEPTING AND RESERVING unto Grantor, as a mineral interest, and not as a royalty interest, all of the minerals of every kind in, under, or that may be produced from the Real Property (the "**Mineral Estate**"); and

B. EXCEPTING AND RESERVING unto Grantor, as a mineral interest, and not as a royalty interest, all oil, gas, hydrocarbons, and associated substances in, under, or produced and saved from the Real Property (the "**Hydrocarbon Estate**"); and

C. EXCEPTING AND RESERVING unto Grantor, all water and rights to water lying below the surface of the Real Property, including, but not limited to, all rights of access to such water (the "**Water Estate**");

(a) Currently. As of the date of this Grant Deed, and continuing until constricted as set forth in subpart (b) of this paragraph 1, all of the Real Property shall be the Ground Water Easement Area; and

(b) In the Future. As of recordation in the Official Records of each Final Map (as defined below) that subdivides any portion of the Real Property (a "**Subdivided Portion**"), then, within the area of that Subdivided Portion, only the Permanent Roadways (as defined below) and Well Lots (as defined below), if any, and the Creeks and Ditches (as defined below), if any, as shown on that Final Map shall, collectively, be the Ground Water Easement Area, all as set forth in paragraph 3 of section I of this Grant Deed.

2. Mutual Use and Improvement. The Reserved Ground Water Easement is non-exclusive. The Ground Water Easement Area shall be used and improved mutually and reasonably by Grantor, Grantee, and their respectively authorized employees, agents, representatives, contractors, and other invitees, as follows:

[Whenever Aerojet is not using Section H of this form of grant deed, then the following subpart (a) can be modified to delete the reference therein to "Private Access Roads."]

(a) Grantee's Control. Grantee, as the fee owner of the Ground Water Easement Area, shall have the right and power to use, subdivide, change, improve, and generally deal with and control the Ground Water Easement Area and all improvements located thereon, including, but not limited to, the Private Access Roads (as defined below), in any manner whatsoever as Grantee may choose from time to time, so long as such use, subdivision, change, improvement, or other exercise of control:

(1) Accommodate Grantor's Uses. Shall reasonably accommodate and not unreasonably interfere with, hinder, or impede Grantor's Authorized Ground Water Activities (as defined below); provided that:

(2) The County as Successor. Upon the County's acceptance of any offer of dedication of Permanent Roadways, said fee title and Grantee's said control of the Ground Water Easement Area as set forth in this subpart (a) shall, except for any Well Lots and Creeks and Ditches, pass to the County as Grantee's successor in title, and thereafter the County's uses of the Permanent Roadways will be the Roadway and Utility Uses (as defined below), subject to all of the terms and conditions of this Grant Deed; and

(b) Grantor's Rights. Grantor, as the owner of the Reserved Ground Water Easement,

(1) Reasonable Use. May reasonably use the Ground Water Easement Area for the Authorized Ground Water Activities; provided that:

(2) Accommodate Grantee's Rights. By engaging in Authorized Ground Water Activities, Grantor shall reasonably accommodate and not unreasonably interfere with, hinder, or impede exercise by Grantee of its rights as the fee owner as set forth in subpart (a) of this paragraph 2.

3. The Authorized Ground Water Activities. The following specific activities, as well as necessarily related and incidental activities, and no other activities, are allowed to Grantor and its authorized employees, agents, representatives, contractors, and other invitees, within the Ground Water Easement Area (collectively, the "**Authorized Ground Water Activities**"):

(a) Wells and Pipelines. To install, construct, improve, operate, maintain, repair, remove, and replace, from time to time, and to have access to and from, wells, pumping stations, equipment, pipelines, and related facilities, designed for the monitoring, extraction, removal, transport, injection, or recharge of ground water (collectively, the "**Wells, Pipelines, and Related Facilities**");

(b) Power and Other Utility Services. To install, construct, improve, operate, maintain, repair, remove, and replace, from time to time, and to have access to and from, transmission lines and other related facilities to bring electric power to the Wells, Pipelines, and Related Facilities; and

(c) Creeks and Ditches. To use, for the discharge of ground water, and to have access to and from, all creeks, ditches, and other channels located on the Real Property, from time to time, or any portion thereof, whether natural or artificial, that drain, are used for the drainage of, or are designed to drain, surface waters (collectively, the "**Creeks and Ditches**").

4. Wells and Pipelines. All Wells, Pipelines, and Related Facilities, as well as electric power thereto, and all other improvements made pursuant to the Authorized Ground Water Activities shall be underground to the maximum extent possible, but may, if necessary, be situated above ground in meridians or other areas that are not expected to be used directly by vehicles or pedestrians when the Roadway and Utility Uses (as defined below) commence.

5. Proof of Clear Title. If, at any time, and from time to time, Grantee, as owner of a Lot or Parcel (as defined below), or any person having an interest in, or encumbrance upon, a Lot or Parcel, as shown in the Official Records, shall request written certification or other reasonable method of proof that the Reserved Ground Water Easement does not (or the extent to which it does) limit use of, encumber, or otherwise affect that Lot or Parcel, Grantor agrees to cooperate promptly and to provide such fully executed and acknowledged instruments or documents as may be appropriate and reasonable under the circumstances for that purpose; provided Grantee or such other person shall first provide reasonable proof of such ownership, interest, or encumbrance, such as, but not limited to, a current title report issued by a reputable title company and, if necessary, an appropriate current survey map prepared by a licensed surveyor or engineer.

6. Duration. The Reserved Ground Water Easement shall continue in perpetuity.

[The following section H may be used whenever there are access and utility easements to be reserved over the land being conveyed. For areas on which Aerojet has no need to reserve access and utility easements, section H may be deleted from the deed used for the conveyance. Moreover, Aerojet may modify the following section H as may be appropriate to suit the situation of any parcel being conveyed since the agencies have little or no interest in these strictly private easements.]

H. RESERVED ACCESS AND UTILITIES EASEMENT. Grantor hereby reserves, and Grantee, by acceptance of this Grant Deed, hereby agrees that title to the Real Property, as hereby conveyed, is subject to, the following easement (the "**Reserved Access and Utilities Easement**"), which Reserved Access and Utilities Easement is intended for the benefit of, and shall be appurtenant to, Grantor's neighboring property described in **Exhibit "B"** attached hereto and incorporated herein by this reference (the "**Neighboring Property**");

1. The Access and Utilities Easement Area. The Reserved Access and Utilities Easement is reserved with respect to, and encumbers the following described area (the "Access and Utilities Easement Area"):

(a) Currently. As of the date of this Grant Deed, and continuing until constricted as set forth in subpart (b) of this paragraph 1, the Access and Utilities Easement Area consists of:

(1) Private Access Roads. Those portions of the Real Property as are, from time to time, improved as private roads, whether those portions are simply graded or surfaced with rock, asphalt, concrete, or other surfacing, to the extent that such private roads can be, from time to time, useful to Grantor and its employees, agents, representatives, contractors, and other invitees for ingress and egress to, from, and among the various portions of the Neighboring Property and adjacent public streets (the "Private Access Roads"); and

(2) Existing Utilities Locations. Those portions of the Real Property on which physical improvements, such as pipelines, cabling, wires, conduits, and other facilities, designed to transport natural gas, electricity, water, and other utility services to the Neighboring Property, exist as of the date of this Grant Deed, together with a reasonable amount of area for access thereto (the "Existing Utilities Locations"); provided that:

(3) Relocation or Replacement. Grantee shall have the right and power, with respect to any portion of the Existing Utilities Locations, at any time, and at Grantee's sole cost and expense, after no less than sixty (60) days' prior notice to Grantor, and with reasonable consultations with Grantor, to relocate or replace at another location on or near the Real Property, all or some of the improvements and facilities therein designed for the Provision of Utility Services (as defined below), and upon such relocation or replacement, that portion of the Existing Utilities Locations shall no longer be part of the Access and Utilities Easement Area; and

(b) In the Future. As of recordation in the Official Records of each Final Map (as defined below), then, within that Subdivided Portion (as defined below), only the Permanent Roadways (as defined below) and the Existing Utilities Locations, as shown on that Final Map, shall be the Access and Utilities Easement Area, as set forth in paragraph 3 of section I of this Grant Deed, subject to Grantee's right and power of relocation or replacement under subpart (3) of subpart (a) of this paragraph 1.

2. Mutual Use and Improvement. The Reserved Access and Utilities Easement is non-exclusive. The Access and Utilities Easement Area shall be used and maintained mutually and reasonably by Grantor and Grantee, and their respectively authorized employees, agents, representatives, contractors, and other invitees, as follows:

(a) Grantee's Control. Grantee, as the fee owner of the Access and Utilities Easement Area, shall have the right and power to use, subdivide, change, improve, and generally deal with and control the Access and Utilities Easement Area and all improvements located thereon, including, but not limited to, the Private Access Roads, in any manner whatsoever as Grantee may choose from time to time, so long as such use, subdivision, change, improvement, or other exercise of control:

(1) Accommodate Grantor's Uses. Shall reasonably accommodate and not unreasonably interfere with, hinder, or impede the Authorized Access and Utilities Activities (as defined below); provided that:

(2) The County as Successor. Upon the County's acceptance of any offer of dedication of Permanent Roadways, said fee title and Grantee's said control of the Access and Utilities Easement Area as set forth in this subpart (a) shall pass to the County as Grantee's successor in title, and thereafter the County's uses of the Permanent Roadways will be the Roadway and Utility Uses (as defined below), subject to all of the terms and conditions of this Grant Deed; and

(b) Grantor's Rights. Grantor, as the owner of the Reserved Access and Utilities Easement,

(1) Reasonable Use. May reasonably use the Access and Utilities Easement Area for the Authorized Access and Utilities Activities; provided that:

(2) Accommodate Grantee's Rights. By engaging in Authorized Access and Utilities Activities, Grantor shall reasonably accommodate and not unreasonably interfere with, hinder, or impede exercise by Grantee of its rights as the fee owner as set forth in subpart (a) of this paragraph 2.

3. The Authorized Access and Utilities Activities. With reasonable accommodation to Grantee's rights of control as set forth in subpart (a) of paragraph 2 of this section H, the following specific activities, as well as necessarily related and incidental activities, and no other activities, are allowed to Grantor and its authorized employees, agents, representatives, contractors, and other invitees within the Access and Utilities Easement Area (collectively, the "**Authorized Access and Utilities Activities**"):

(a) Ingress and Egress. To have ingress and egress to, from, and among all portions of the Neighboring Property and adjacent public streets over the Private Access Roads and over the Permanent Roadways;

(b) Provision of Utility Services. To provide, or allow for the provision of, various public utilities, such as, but not limited to, electric power, natural gas, and drinking water, whether provided by private companies or public entities, for the benefit of the Neighboring Property and every portion thereof (collectively, the "**Provision of Utility Services**"), but only within the Existing Utilities Locations and within the Permanent Roadways; and

(c) Maintenance and Replacement. Within the Existing Utilities Locations and within the Permanent Roadways, to install, construct, improve, operate, maintain, repair, remove, and replace, from time to time, all improvements and facilities designed for the Provision of Utility Services, except that, after any portion of the Existing Utilities Locations becomes part of a Subdivided Portion, then, with respect to that portion:

(1) New or Additional Improvements. Grantor shall have no right to install or construct new or additional improvements or facilities, but must install or construct such new or additional improvements or facilities within the Permanent Roadways; and

(2) Replacement of Improvements. If Grantor desires to replace existing improvements or facilities, then, whenever reasonably practical, such replacement improvements or facilities shall be located within the Permanent Roadways.

4. Repair and Maintenance. All costs and expenses incurred for repairing and maintaining the Access and Utilities Easement Area shall be paid by Grantor and Grantee proportionately according to the extent of their respective uses of the Access and Utilities Easement Area. Neither Grantor nor Grantee shall be required to pay or contribute to any cost or

expense incurred by the other to improve the Access and Utilities Easement Area or to extend or supplement any of the Private Access Roads or improvements or facilities designed for the Provision of Utility Services.

5. Proof of Clear Title. If, at any time, and from time to time, Grantee, as owner of a Lot or Parcel (as defined below), or any person having an interest in, or encumbrance upon, a Lot or Parcel, as shown in the Official Records, shall request a written certification or other reasonable method of proof that the Reserved Access and Utilities Easement does not (or the extent to which it does) limit use of, encumber, or otherwise affect that Lot or Parcel. Grantor agrees to cooperate promptly and to provide such fully executed and acknowledged instrument or document as may be appropriate and reasonable under the circumstances for that purpose; provided Grantee or such other person shall first provide reasonable proof of such ownership, interest, or encumbrance, such as, but not limited to, a current title report issued by a reputable title company and, if necessary, an appropriate current survey map prepared by a licensed surveyor or engineer.

6. Duration. The Reserved Access and Utilities Easement shall continue in perpetuity, except that, if Grantee ever requests in writing of Grantor an appropriate quitclaim deed (the form of which shall be provided by Grantee) that will extinguish the Reserved Access and Utilities Easement for any Subdivided Portion, Grantor shall execute, acknowledge, and deliver such quitclaim deed in form acceptable for recordation in the Official Records if Grantor cannot or does not promptly provide to Grantee a written statement of good reasons why Grantor must continue to hold that portion of the Reserved Access and Utilities Easement to protect Grantor's legitimate interests.

I. SUBDIVISIONS AND BOUNDARY LINE ADJUSTMENTS. The following terms and conditions shall apply to, and govern, any subdivision or boundary line adjustment respecting the Real Property or any portion thereof:

1. Subdivisions. In accordance with the California Subdivision Map Act (the "Map Act"), and in accordance with the County's ordinances and procedures adopted pursuant to the Map Act (collectively, the "**Local Subdivision Requirements**"), Grantee is planning to subdivide the Real Property into various separate lots and parcels (collectively, the "**Lots and Parcels**"). Subdivision of the Real Property will occur in phases, with each final subdivision map, as defined in the Map Act (a "**Final Map**"), subdividing only a portion of the Real Property. Whether there will be a single tentative subdivision map, as defined in the Map Act (a "**Tentative Map**"), or multiple Tentative Maps is not known as of the date of this Grant Deed. With respect to the preparation, processing with the County, and recordation in the Official Records of Tentative Maps and Final Maps (collectively, "**Subdivision Maps**") for the Real Property or any portion thereof, the following requirements and procedures (collectively, the "**Subdivision Procedures**") shall apply:

(a) Grantor Approval of Tentative Maps. Prior to submission to the County of a Tentative Map respecting any portion of the Real Property, such Tentative Map shall be presented to Grantor for its review and written approval of the location, configuration, and size of:

(1) Those portions of the Real Property shown on such Tentative Map as designated to serve as permanent roadways to be offered for dedication to the County, including both areas for vehicular travel and contiguous areas, if any, for meridians and pedestrian sidewalks (collectively, the "**Permanent Roadways**"); and

(2) Any Lots or Parcels on which any Wells, Pipelines, and Related Facilities are located (collectively, "Well Lots") and Creeks and Ditches shown on that Tentative Map; provided that:

(3) No other parts of any Tentative Map shall be subject to such review and approval by Grantor;

(b) Submittal to the County. No Tentative Map for any portion of the Real Property shall be submitted to the County for approval unless and until it has been approved in writing by Grantor in the manner required by subpart (a) of this paragraph 1, which approval shall not be unreasonably withheld, conditioned, or delayed;

(c) The County's Notice List. Grantee shall arrange for Grantor to be included on all lists maintained by the County of persons to whom the County shall send notices of hearings and other matters concerning the processing of Subdivision Maps for the Real Property or any portion thereof;

(d) No Variance on Final Maps. No Final Map for any portion of the Real Property shall be different than its precedent Tentative Map as approved by Grantor with respect to the location, configuration, or size of Permanent Roadways, Well Lots, if any, and Creeks and Ditches, if any, shown thereon unless Grantor has approved in writing such difference, which approval shall not be unreasonably withheld, conditioned, or delayed;

(e) Further Subdivision. If and when a Final Map with respect to any portion of the Real Property is recorded in the Official Records, then, for any further subdivision of that Subdivided Portion, Grantee shall not be required to comply with any of the Subdivision Procedures so long as such further subdivision does not alter the location, configuration, or size of any of the Permanent Roadways, Well Lots, if any, or Creeks and Ditches, if any, located within that Subdivided Portion; and

(f) No Waiver of Rights. Nothing in subpart (a) of this paragraph 1 or any other provision of this Grant Deed limits, or shall be construed to limit, in any way, the statutory, administrative, and constitutional rights of Grantor to participate in any and all public hearings conducted by the County with respect to, and to provide to the County, whether at a hearing or otherwise, any comments or suggestions that Grantor may want to offer concerning, any Subdivision Map for the Real Property or any portion thereof.

2. Boundary Line Adjustments. In accordance with the Map Act, and in accordance with the Local Subdivision Requirements, Grantee may elect, from time to time, to do boundary line adjustments for separate legal parcels into which portions of the Real Property are, from time to time, already subdivided. With respect to Boundary Line Adjustments:

(a) Application of the Subdivision Procedures. If any boundary line adjustment affecting any portion of the Real Property would alter the location, size, or configuration of any Permanent Roadway, any Well Lot, or any Creeks and Ditches, then that boundary line adjustment shall be deemed to be a subdivision governed by the Subdivision Procedures. Other boundary line adjustments are not governed by the Subdivision Procedures except that Grantee may, at its option, elect to have any boundary line adjustment governed by the Subdivision Procedures, which election shall be done in the form of written notice from Grantee addressed to Grantor; and

(b) Treated as a Subdivision. Upon the giving of any such written notice, then, for all purposes of this Grant Deed, Grantor and Grantee shall be bound by the obligations and shall enjoy the rights, powers, and benefits respecting such boundary line

adjustment the same as would apply if Subdivision Maps were being used, including, but not limited to, the following results:

(1) Deemed Lots and Parcels. The reconfigured parcels, as set forth in the Boundary Line Adjustment, shall be deemed Lots and Parcels under the provisions of this Grant Deed;

(2) Deemed Subdivided Portion. That portion of the Real Property affected by the Boundary Line Adjustment shall be deemed a Subdivided Portion; and

[Whenever section H of this form of grant deed is not being used, then the reference to the "Access and Utilities Easement Area" set forth in the following subpart (3) may be deleted.]

(3) Constriction of Easement Areas. The Ground Water Easement Area and the Access and Utilities Easement Area shall, with respect to that portion of the Real Property, become constricted as set forth in paragraph 3 of this section I.

3. Effect of Final Maps. Notwithstanding the other provisions of this section I or any other provision of this Grant Deed, when and if a Final Map respecting any portion of the Real Property is recorded in the Official Records, then, and from and after such recordation, with respect to that Subdivided Portion:

(a) Constriction of Ground Water Easement. The Reserved Ground Water Easement shall encumber only, and the burdens thereof shall be confined to, those portions of that Subdivided Portion designated on such Final Map as Permanent Roadways and those portions or all of any Well Lot or Well Lots or Creeks and Ditches designated on such Final Map, and shall no longer encumber any other part of that Subdivided Portion;

[Whenever Aerojet is not using Section H of this form of grant deed, then the following subpart (b) can be deleted from that particular deed.]

(b) Constriction of Reserved Access and Utilities Easement. The Reserved Access and Utilities Easement shall encumber only, and the burden thereof shall be confined to, those portions of the Subdivided Portion designated on such Final Map as Permanent Roadways and to the Existing Utilities Locations (as relocated and replaced, if any relocation and replacement has occurred, as provided in paragraph 1(a)(3) of section H, above), and shall no longer encumber any other part of that Subdivided Portion; and

[Whenever Aerojet is not using Section H of this form of grant deed, then the following subpart (c) can be modified to delete the reference to the "Reserved Access and Utilities Easement."]

(c) Automatic Effect. Such constriction of the areas encumbered by the Reserved Ground Water Easement and the Reserved Access and Utilities Easement shall happen automatically, without the need for any further instrument or document, for that Subdivided Portion, the moment the Final Map therefor is recorded in the Official Records. Nonetheless, Grantor shall, if requested to do so, confirm such constrictions by executing, acknowledging, and delivering, in form recordable in the Official Records, such instruments and documents as may be reasonably requested to constitute such confirmation.

J. **ADDITIONAL COVENANTS**. The following additional covenants (collectively, the "Additional Covenants") supplement all of the other provisions of this Grant

Deed and apply to, are binding upon, and benefit Grantor and Grantee (collectively, the "Parties") mutually:

1. Roadway and Utility Uses. Grantor and Grantee agree that:

(a) Definition of Roadway and Utility Uses. Permanent Roadways will be used by and for vehicles and pedestrians to cross the Real Property and for ingress and egress to, from, and among the Lots and Parcels and public streets adjacent to the Real Property and for utility lines, including, but not limited to, sewer, telephone, cable television, natural gas, electricity, and water, as well as incidental uses related thereto, such as, but not limited to, traffic signals, manholes, vaults, signs, transformers, pipelines, valves, meters, switches, hydrants, sprinkler controls, conduits, coverings, berms, fences, lighting, landscaping, and related facilities (collectively, the "Roadway and Utility Uses"), regardless when or whether any offers of dedication thereof are accepted by the County; and

(b) Reasonable Accommodation. The Roadway and Utility Uses, whether public or private, shall reasonably accommodate and not unreasonably interfere with, hinder, or impede Grantor's rights of use of Permanent Roadways as authorized by the Reserved Ground Water Easement.

2. Flexibility and Cooperation Respecting Well and Pipeline Locations. Grantor anticipates having flexibility in planning for, choosing, and approving sites for Wells, Pipelines, and Related Facilities, and therefore:

(a) General Confinement to Roadways. Grantor has determined that such sites, as well as access to and from such sites, can be confined generally, but not necessarily exclusively, to Permanent Roadways, given the quantity of area for Permanent Roadways expected by the Parties to be set forth on Subdivision Maps; and

(b) Cooperation. Grantor and Grantee agree to cooperate fully, promptly, and reasonably with each other in their consultations and decisions about planning for, choosing, and approving the placement of Wells, Pipelines, and Related Facilities, all for the purpose of accomplishing their respective goals as contemplated by this Grant Deed.

3. Minimizing Interference with Development. Grantor agrees to cooperate reasonably with Grantee and with each other in connection with Grantee's efforts to maximize the number Wells, Pipelines, and Related Facilities positioned entirely within the Permanent Roadways, and to minimize (possibly to zero) the number of Wells, Pipelines, and Related Facilities that encumber any Lot or Parcel. Such cooperation shall include, but not be limited to, consultations among the Parties prior to the installation of any Wells, Pipelines, and Related Facilities that do not exist on the Real Property prior to the date of this Grant Deed.

4. Recitals of Facts and Representations. Each of the Parties hereby represents and warrants that it knows of nothing indicating that any of the statements of fact or representations set forth in this Grant Deed is false, incomplete, or misleading as written and believes that all of said statements of fact and representations are accurate, complete, and not misleading as written.

5. Municipal Incorporation. If all or any portion of the Real Property becomes incorporated as a city or becomes annexed to a city, then, and from and after such date of incorporation or annexation, all references in this Grant Deed to "the County" with respect to Subdivision Maps, offers of dedication of Permanent Roadways, and other matters shall be deemed to be references to such city.

6. Covenants Running with the Land. All of the terms and conditions set forth in this Grant Deed are intended to be covenants running with the land that shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties. Each reference in this Grant Deed to Grantor and Grantee shall be deemed to include reference also to their respective successors and assigns, except that, in section I, above, dealing with subdivisions and boundary line adjustment, and in paragraphs 2 and 3 in this section J, all references to Grantor mean Grantor personally and do not refer to Grantor's successors in title to the Real Property or the Neighboring Property or any portion of either.

7. No Admission of Responsibility for Ground Water Contamination. Nothing in this Grant Deed shall be construed: (a) to impose upon Grantor or Grantee, or to constitute an assumption by Grantor or Grantee of, any responsibility for the characterization, analysis, monitoring, or clean-up of the contamination that may exist in ground water underlying the Real Property; or (b) as an admission or acknowledgment that Grantor or Grantee is a person responsible for such characterization, analysis, monitoring, or clean-up of any such contamination.

8. Reasonableness. The Parties agree to be fair and reasonable with each other in the timely performance of all obligations and exercise of all of the rights and powers under, or related to, this Grant Deed, keeping in mind and reasonably attempting to promote their respective purposes in executing, delivering, accepting, approving, and recording this Grant Deed and all of its provisions.

9. Severability of Provisions. If any provision of this Grant Deed is unenforceable, it shall be deemed not a part of this Grant Deed, and the other remaining provisions shall remain fully enforceable and shall be interpreted to accomplish, as closely as may be lawful, the intentions of the Parties as expressed by the entirety of this Grant Deed.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed on the date set forth opposite Grantor's signature below, which date shall be deemed "**the date of this Grant Deed**", as that phrase is used herein.

Date: _____

AEROJET-GENERAL CORPORATION,
an Ohio corporation

By: _____
Terrance P. Griffin
Its: Director of Real Estate

[Whenever Aerojet is not using Section H of this form of grant deed, then the following Acceptance of Grant Deed can be modified to delete the reference to the "Reserved Access and Utilities Easement."]

ACCEPTANCE OF GRANT DEED

Effective as of the recordation of the foregoing Grant Deed in the Official Records (as defined therein), **AEROJET INVESTMENTS, LTD**, a California corporation, as the "Grantee" identified in the said Grant Deed, hereby accepts said Grant Deed and the conveyance of title effected thereby, subject to all of the terms, conditions, notices, rights, powers, obligations, exceptions, reservations, restrictions, covenants, and other matters set forth in said Grant Deed, including, but not limited to, the Reserved Estates, the Notices and Restrictions, the Reserved

Ground Water Easement, the Reserved Access and Utilities Easement, the Subdivision Procedures, and the Additional Covenants (all as defined therein).

Date: _____.

AEROJET INVESTMENTS, LTD,
a California corporation

By: _____
Terrance P. Griffin
Its: President

[or the Grantee may be some other wholly owned subsidiary of Arojet or GenCorp.]

Acknowledgment

State of California)
County of _____) ss.

On _____ [date] before me, _____ [name of notary],
personally appeared _____, personally known to me, or proved to
me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to
the within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

(seal)

Notary Public

Acknowledgment

State of California)
County of _____) ss.

On _____ [date] before me, _____ [name of notary],
personally appeared _____, personally known to me, or proved to
me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to
the within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

(seal)

Notary Public

EXHIBIT "A"
(Legal Description of the Real Property)

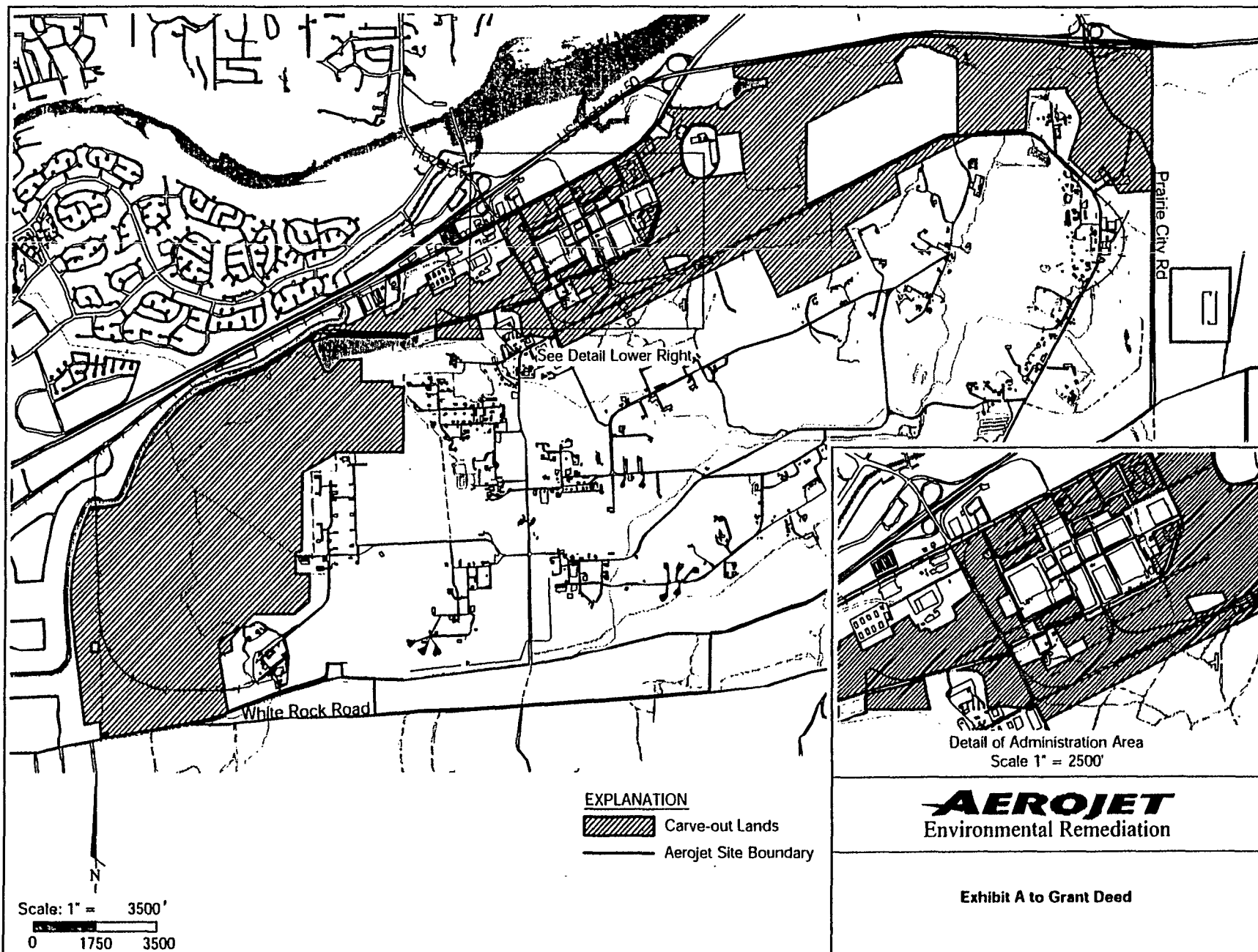
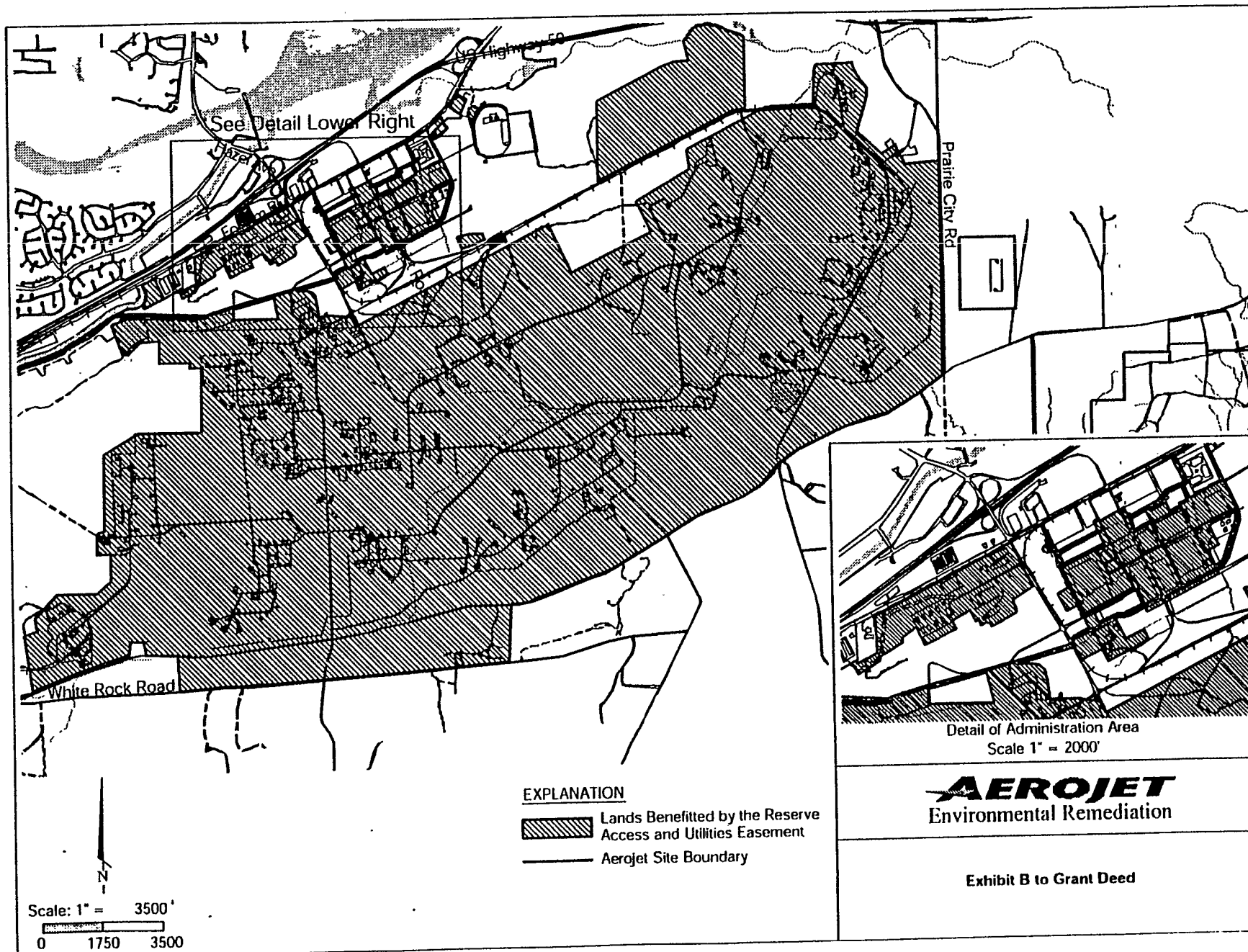


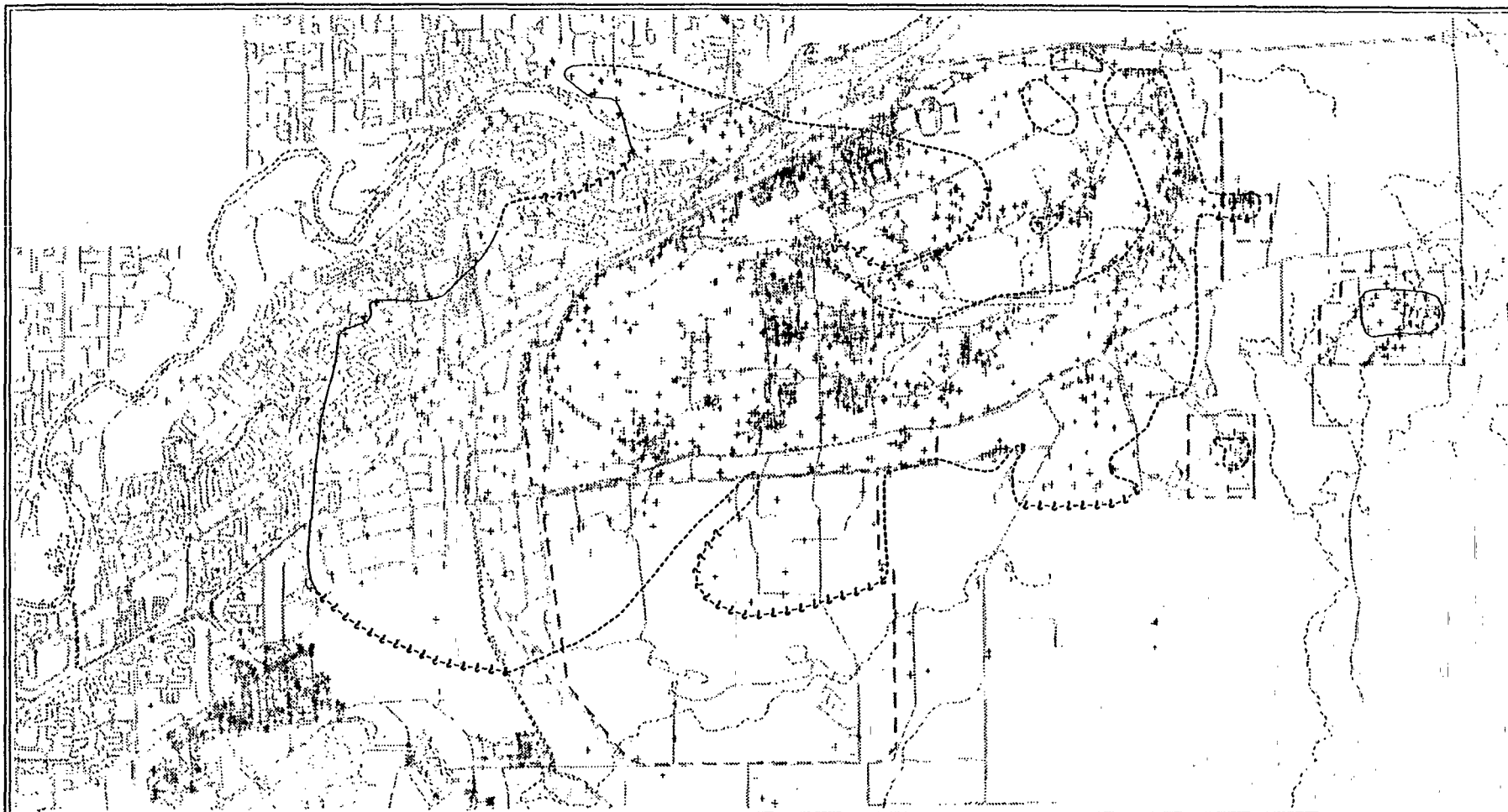
Exhibit "B"

(Legal Description of the Neighboring Property)

[This Exhibit "B" is not attached whenever section H in this form of grant deed is not being used.]



8/10/01 ah SR10110507



DATE: July 26, 2001 10:24 AM
 JOB NUMBER:
 VIEWFILE: aeroplume view

CHECKED BY: _____
 APPROVED BY: _____



Aerojet Site



SCALE 1:20000
 1000 0 1000 2000 3000 4000
 Feet

BASEMAP EXPLANATION

- ✓ Accurate data available
- ~ Limited data available
- ✗ Data unavailable or distorted
- Road
- Building
- Railroad
- Fence
- Waterway
- Property boundary

NOTES

Exhibit L:
 Composite Plume Map of Aerojet
 Potential Contaminants
 of Concern (30 May 2001)

WESTON

